EXPERIMENTS IN INDUSTRIAL ARBITRATION IN NEW ZEALAND

A Thesis Presented to the Faculty of the Graduate School in Partial Fulfillment of the Requirements for the Degree of Master of Arts in Economics.

CHARLES LEESE

1925.

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CHAPTER I.

INTRODUCTION

The Dominion of New Zealand has been for the last thirty years considerably in the notice of those who wish to secure means by which peaceful settlement may be made in industrial disputes. Its fame has been far reaching because of its industrial and social legislation. To this young country goes the distinction of having enacted, August 31st, 1894, and put into operation on January 1st, 1895, the first law providing for a system of compulsory arbitration.

The reasons for this advance are several which seem to be inherent in the nature of the country and the ideas brought in by the settlers. The development of the country from the pioneer stage to one of modern conditions required a large amount of capital which was not present within the country. The tendency has thus been toward collectivism.

Again, the New Zealand people left Europe not on account of political and religious oppressions but because of economic pressure. The ideal of democracy with its attendant economic theory of laissez-faire did not delude them. Of course, they wanted freedom of worship and equality at the polls but what they wanted more was opportunities and conditions under which they could make a living. They wanted to escape the grip of the financier and private monopolist. It was a bread and butter proposition from the first. Thus laissez-faire gave way to state control and investigation in New Zealand.

The purpose of this paper is to set forth the workings of the Arbitration System in New Zealand, noting its merits and demerits and the degree of success with which it has met in the land of its adoption.

The volumes containing the Awards of the Court and the Official

Year-Books as well as the Annual Reports of the Department of Labor of New Zealand and other material had been of great service in this study. Most of these are on file in the Library of Congress, Washington, D. C. and it is to the conveniences offered there that the writer is greatly indebted.

CHAPTER II.

CHARACTERISTICS OF NEW ZEALAND

Its Size and Location. The country consists of two large and several small islands and is situated about midway between the pole and the tropics in the South Pacific. That statement does not suffice to tell the whole story. Comparisons are necessary to portray the country's true nature. In its archipelagic character, New Zealand closely resembles the United Kingdom; there are two main islands and a host of smaller islands. The area coincides roughly, that of New Zealand being one-seventh less.

The largest land divisions of the country are North Island, about the size of the State of Pennsylvania; the South Island, approximating the area of the State of Florida; and Stewart Island, slightly more than half as large as the State of Rhode Island. The total area is 104,000 square miles, being twice as large as New England. The extreme length of the islands is about 1,000 miles, running almost north and south and extending from the 35th degree to the 48th degree south latitude. The width seldom is more than 200 miles.

New Zealand is, in reality, much more insular than either England or Japan. The British Isles and the maritime isles of the East both lie adjacent to the largest land area on the Globe, while New Zealand is surrounded by the widest expanse of water. There is an uninterrupted moat twelve hundred miles in width at its narrowest part, between New Zealand and Australia. Southward two thousand miles of deep sea separates it from the Antarctic ice-pack; westward the great range of the Andes is four thousand miles distant; and northward the full sweep of the Pacific is only broken by inconsiderable archipelagoes until it beats on the shores of Japan and Alaska.

This isolation from the habitable portions of the earth at once

attaches economic pecularities to the country. These will be discussed later.

Climatic and Other Physical Conditions. The country is in the temperate zone and in its climatic conditions has been likened to Italy, with which it closely corresponds in latitude. To a large extent, New Zealand is a rainy land, but as the majority of its precipitations are at night and in early morning; parts of it have sunshine records equal to some of the best obtained in Italy. Despite the assertion that New Zealand has an abundance of rainfall, there are many parts less favored with moisture, where irrigation has been promoted to relieve the dryness of tussock plains.

The four thousand miles of coast-line is pounded by some of the heaviest seas known in the Pacific. Yet the fine, deep bays form splendid harbors, with those of Wellington and Auckland excelling. New Zealand is largely mountainous. For this reason less than half of its surface is suitable for agriculture. In the South Island, the more mountainous of the two main islands, nearly a fourth of the total area is valueless either for cultivation or grazing. The volcanoes which were once plentiful are now totally extinct and parts of the islands are distinctly of that character. There are many other features which might be enumerated but for the purpose of this paper they are not important.

Ellsworth Huntington, in describing the more favorable portions of the earth, on a point of energizing climates, says: "New Zealand in many ways rivals England as a candidate for first place."[1] That may aid in giving an explanation of the progressiveness of the inhabitants.

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1. "World Power and Evolution," 1919, Yale University Press, page 98.

Its inhabitants. The islands were both settled and annexed by the British in 1840. Unlike Australia whose early settlers were convict labor, New Zealand has always had immigrants come from all walks of life. However, due to strict immigration laws and the great distances from the densely settled portions of the earth, the population has been mainly of British stock, many of the earliest coming from Australia. The homogeneity of the society is amply illustrated when it is remembered that the total British stock comprises over 98 per cent of the New Zealanders.[2] Of the total population in 1896, 97.10 per cent were of British birth, 2.71 per cent were of Foreign origin, while .19 per cent were born at sea. The proportion of total British increased steadily and in 1916, it comprised 98.17 per cent of the total inhabitants; of these 72.34 per cent were born in New Zealand. The above facts coupled with the thought that 95.71 per cent of the people were members of Christian denominations and by far the larger portion being Episcopal, presents the concept that the population is homogeneous.

The white population has increased from 30,000 in 1853, and 70,000 in 1895 to about 1,200,000 in 1923. There are about 50,000 native Maoris present on the islands. This teeming population is recruited from the agricultural classes to a certain extent but most of its immigrants, many of which came in the seventies and eighties were from the workshops of England. They had been in the industrial storm and in the struggle for recognition of their unions, the employer at that time had the balance of power. What happened was the transplanting of this class of people to New Zealand in all its remoteness. They came in shiploads and founded small towns. These industrialists found that they had been superseded by the land monopolists.

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2. New Zealand Official Year-Book, 1919, page 89.

The gravity of conditions can be realized when it is understood that even as late as 1890 the concentration of land ownership had reached an astonishing pass. More than 80 per cent of the people had no land - only 14 per cent of the white population were landholders, only 7 per cent of the people had one acre or more each, and only 6 per cent owned five acres or more apiece.[3] Sir George Grey, the Premier in 1891, made a significant report in Parliament, saying that "1615 landholders in a population of 626,000, held 18,000,000 acres out of 32,000,000 which is the total in the hands of the people.[4]

Conditions like that in relation to the nature of the people who were well selected to be aggressive by the twelve thousand mile voyage from England compelled the settlers to look to their government for redress and fostered a social point of view. New Zealand has long been singled out as a striking example of the Utopian tendencies of the Age. Its initiativeness, its independence and progressiveness has marked it conspicuously, and the world prior to the World War has echoed and re-echoed with its encomiums.

The country is a self-governing dominion of Great Britain while its people are steeped in what has been called State socialism. There Government ownership has become very prevalent in the public utilities. The state is the largest landowner and receiver of rents, the largest employer of laborers, owns nearly all of the 3009 (1921) miles of railroad, owns all the telegraph and telephone lines and carries on the largest life assurance business in the country. In 1873, the eight hour day was established for all female workers in factories.

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3. Frank Parsons, Story of New Zealand, Taylor, Philadelphia, 1904, page 172.

4. Ibid, page 173.

Full suffrage was granted to the women in 1893, excepting that they may not be elected to Parliament.[5] The public mindedness of the New Zealanders is further illustrated by the fact that a system of old age pensions was established by the state in 1898 and a Workman's Compensation Act was put into operation in 1900. Government ownership and operation of a few coal mines began in 1901 to secure cheaper coal for the government owned tramways and railroads. This is but a small percentage of the total output. The public improvements have swelled the public debt to enormous proportions to the number of inhabitants. Borrowed money is the prime cause of its prosperity.[6] The net public debt of the Dominion Government in 1890 amounted to £37,281,765 ($186,408,825) or £60 ($300) per capita of white population.[7] This is a large public debt in proportion to population for any government to carry, leaving alone the primitiveness of the land. The debt steadily increased in the aggregate and per capita until 1916 and from that time was greatly accelerated due to War loans. Prior to March 31st, 1891 the reproductive and indirectly reproductive expenditures (railways, telephones and telegraphs, harbors, state forests, water power and electric, swamp drainage, mining, roads, irrigation and land improvement) was 66 per cent of the total indebtedness. However, by March 31st, 1921, the unproductive expenditures (public buildings, war and defence, education, etc). rose to 51 per cent of the total.[8]

In 1907 about 15 per cent of the indebtedness was raised in New Zealand while 81 per cent came from the London Market.[9] The remainder was floated in

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5. Women only recently are made eligible for election to Parliament. "In 1921, three women stood as candidates for seats in Parliament but were defeated. Women jurors are unknown and the Senate refused to consider women as Justices of the Peace." Constance Clyde, New Zealand Today, Contemporary Review, May 1923, page 641. New York.
6. Paul Gooding, Picturesque New Zealand, Houghton, Mifflin Co., N. Y. 1913, p. 17.
7. Official Year-Book, 1907, page 534.
8. Official Year-Book, 1922, pages 428-431.
9. Official Year-Book, 1907, page 538.

Australia. This proportion of flotation of the loans in three markets held until the war loans were raised in New Zealand after 1916. The point to be noted in this connection is that a vast amount of capital-value was brought into the country for developmental purposes and this gave industries an early start and much initiative.

Its Industries. After having noted the nature and characteristics of the people, it is well to consider the occupations in which this socialistically inclined population is engaged. New Zealand is predominantly pastoral and agricultural, owning in 1920 the sixth largest sheep flock in the world. The exports are mostly pastoral and farm products largely consisting of wool, frozen meats, butter and cheese. Wool amounts in value to one-third of the total exports. The relative importance of the extractive industries can be seen from the following table of exports:

Table I. - Percentage of Total Exports:[10]

Date	Pastoral	Mining	Agricultural	Forest	All Others
1901	61.9	15.3	11.9	5.9	5.0
1910	79.0	10.0	2.2	4.0	4.2
1920	91.1	2.4	1.2	2.8	2.5

While the origin of the raw materials is mostly pastoral and agricultural, manufacturing furnishes an important source for employment. In the rural districts the most important occupations besides ordinary farm labor there are occupations like sheep shearing and slaughtering which require many workers but only for certain seasons of the year. During the off seasons these men return to their homes in small towns. In fact a large portion of the population has always lived in small urban areas. In 1896, 65 per cent of the total

10. 1922 Year-Book, page 195.

population lived in towns of 2,000 inhabitants and over, while in 1916, 58 per cent lived in towns of 3,000 and over.

The products from the pastures, farms and forests are brought into the cities and towns to be converted into manufactured articles. It may be said that the urban industries draw mainly upon the resources of New Zealand. The principal manufactured products are frozen meats, butter and cheese, tanned hides, clothing, and boots and shoes, named in the order of value and are thus derivities of the Dominion's resources.

The factory population in 1896 was 29,874; of these 16 per cent were women employees; while in 1920, 72,889 were employed in factories and shops of which 24 per cent were females. Thus in 1896 about 3.5 per cent of the total population were factory employees while in 1916 the proportion was about 7 per cent. The output of the manufacturing industries does not suffice to supply the demand. Large quantities of shoes, clothing, iron and steel, machinery and many other finished products in addition to furniture, sugar, alcoholic spirits, etc., are imported. So it is possible for foreign goods to compete in New Zealand markets.

There is no large body of miners present in the country. Those employed in mining coal numbered 2,754 in 1900 while in 1920 there were 4,078 engaged in that occupation.[11] In 1911 there were only 775 persons employed in gold mining, by 1920 this number was reduced to 112, the decrease being at a fairly constant rate in those years.

Effect of Foreign prices upon Exports.- Since 74 per cent of the value of exports of New Zealand go to the United Kingdom and 49 per cent of the imports come from the mother country, it goes to show that the price of wool and of the other principle exports have a vital bearing on the prosperity of New Zealand. This can not be stressed too much in connection with the study

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11. 1920, Statistics of New Zealand, Volume 3, page 71.

of arbitration. The fact that such an enormous portion of the trade must travel 12,000 miles to and from British markets means heavy costs of transportation, and whatever price differentials that can be gained at home in order to put New Zealand products on sale in competition with those of countries more advantageously situated.

In fact, New Zealand has always been peculiarly dependent for her prosperity upon her external trade, and the early vicissitudes of the several settlements were caused in great part by the difficulty of finding an assured market for their products. After the gold discoveries of the 'sixties, there was a steady export of that metal; but the great development of sheep-farming caused the export of wool to outstrip and finally overshadow gold. Before refrigeration, these two commodities comprised the overwhelming bulk of New Zealand's exports - on the average from 90 to 95 per cent.[12]

This was the position when, in the early seventies, the world level of prices began to fall, which was continued steadily till 1895. About this time the first alluvial deposits of gold began to work out, and gold exports constantly decreased. At the same time the price of wool fell lower and lower, so that the colony found both its great sources of wealth shrinking fast. An ambitious borrowing policy, followed by a period of land speculation, precipitated the country into its severest crisis, and economic conditions became rapidly worse, till a long period of depression ended in the early nineties in a banking crisis. However, the policy of borrowing was a deterrent of a still graver situation, and an aid in internal development as was pointed out before.

All through this period the quantities of goods exported constantly increased. Refrigeration came in 1882, and frozen meat and dairy produce added

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12. 1922, Year Book, page 214.

to the country's wealth. These are now important items in her export trade. Up to this point sheep were animals of practically a single utility. To the great majority of the farmers the annual fleece was the only source of revenue. The rest of the animal was transformed into manure when it was no longer able to furnish decent wool or lambs. When the price of wool was good these sacrifices could be borne; but the fluctuation of a penny a pound in London meant a difference of a quarter of a million sterling in New Zealand.[13]

It was economically impossible to go on growing wool, with the sheep itself a by-product. The only promising outlet for mutton was the English market but it was almost three months distant and the transportation of live stock was out of the question. The utilization of refrigeration aided to relieve the situation and now what were formerly by-products, now forms an important item of trade, second to wool.

However, the depressing influence of falling prices continually minimized the effect of the strenuous efforts at increased production, and the condition of the country remained unpromising. The years 1895-1896 saw a complete change, which can be ascribed to two facts: the world level of prices began to rise; and the beneficial effects of refrigeration began to make themselves felt, so that from this period dates the prosperity of New Zealand. The borrowed money aided to bring the internal development into such a position that when prices started to go upward the country had its railroad facilities and its system of giving farm aid well under way.

Under the stimulus of rising prices, which always benefit debtors and producers, exports have increased rapidly. It is an economic axiom that rising prices tend to benefit producers, for the reason that all prices do not rise equally, and the main prices which lag behind the general level are the prices of the two biggest expenses of production - labor and capital. Hence the

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13. G. H. Schlofield, New Zealand in Evolution, Scribners, 1909, pp 126-127;

producer gets the benefit of rising prices for his produce, while his wages bill and the interest on his borrowed capital do not increase so fast. It is the latter fact which is of value to New Zealand and of even greater importance when the arbitration system is studied because it began to operate when prices were rising.

The amount of interest which must be paid by New Zealand in each year is paid by the export of domestic produce, and is represented by a continued excess of exports over imports. In times of rising prices fewer bales of wool and carcasses of mutton or hides need be shipped each year to discharge this obligation.

At the same time New Zealand derived an extra benefit from the fact that her exports rose faster than the average level of prices. Raw materials as wool and foodstuffs usually rise faster than other commodities, and this feature is especially marked in animal products. In New Zealand, Dr. McIlraith has demonstrated that prices of exports constantly rise faster than her prices of imports.[14]

All these influences, which are the principal effects of rising prices, tend to stimulate and increase production, but their exact extent can never be separated from the other causes of increased productivity. All that may be measured is the apparent effect upon the exports as disclosed by changing values. From these data it is possible to ascertain with some accuracy what extra value has been added by the element of prices, but the important influences increasing productivity are not touched by this method.

Practically all the main exports of New Zealand are primary products, either raw materials or foodstuffs. From their nature it is possible in nearly every case to obtain the quantities exported as well as the values. It is then an easy matter of computation to find what the value would have been, assessing quantities each year at the prices of a selected base year or

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14. J. W. McIlraith, Course of Prices in New Zealand, Government Printer, Wellington, 1911, pages - .

period, and by comparison with the actual values recorded to estimate the effect of price changes.

The accompanying Exhibits A, B, and C. have these values charted for the three most valuable exports. The values being adapted from the figures in the Official Year-Book.[15] The recorded prices are those actually received while the value at prices of 1890-9 are the values at the average price for that period.

The primary purpose of these charts, then, is to portray the peculiar dependence of New Zealand upon external markets for her prosperity. The drop that is evident from 1915 to 1918 in wool and frozen meat exports was largely due to lack of ships to carry these commodities to the markets of Europe, again showing the entrance of external conditions as a factor in New Zealand's welfare.

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15. 1923, page 253.

EXHIBIT "A"

Wool Exports.

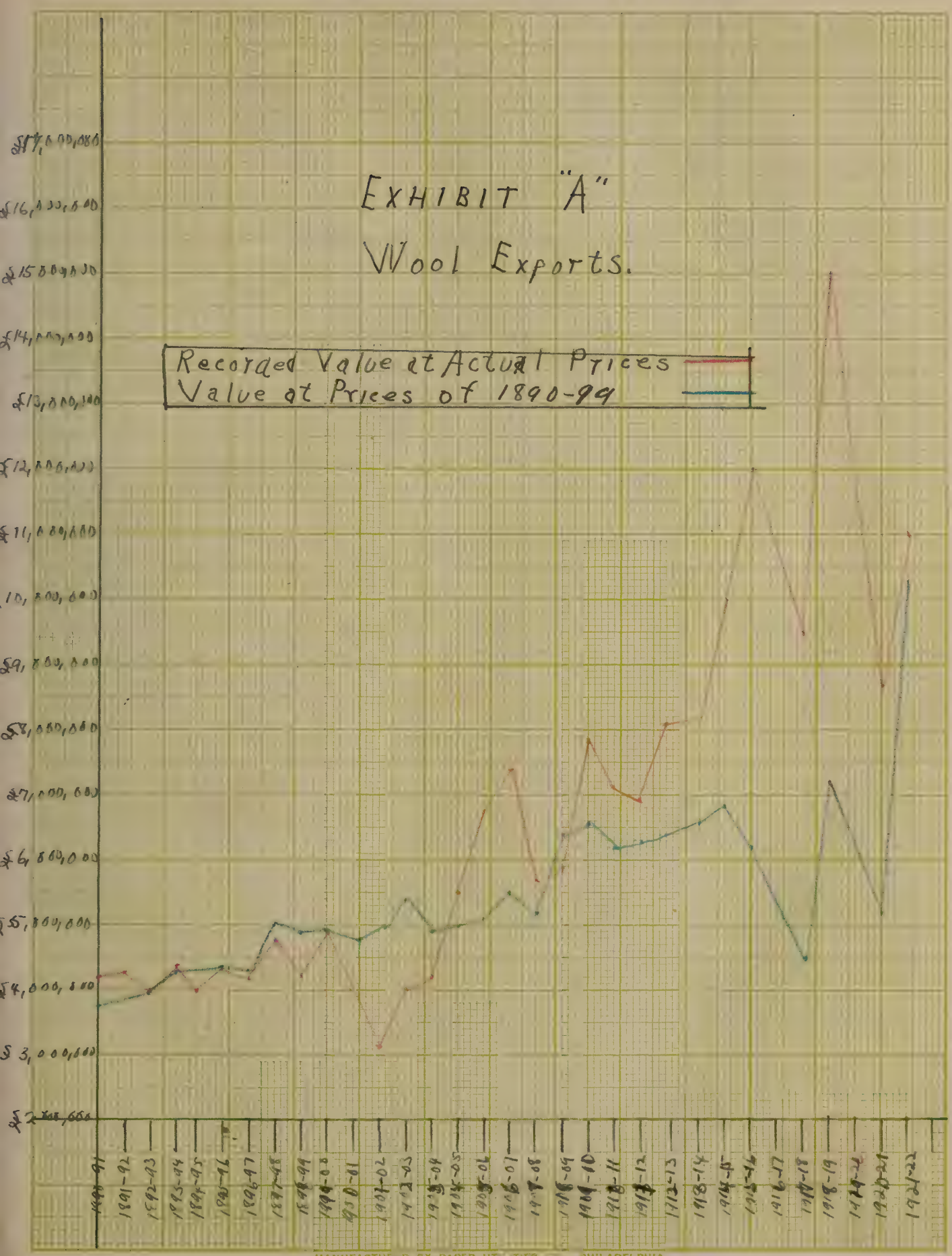


EXHIBIT "B"
FROZEN MEATS.

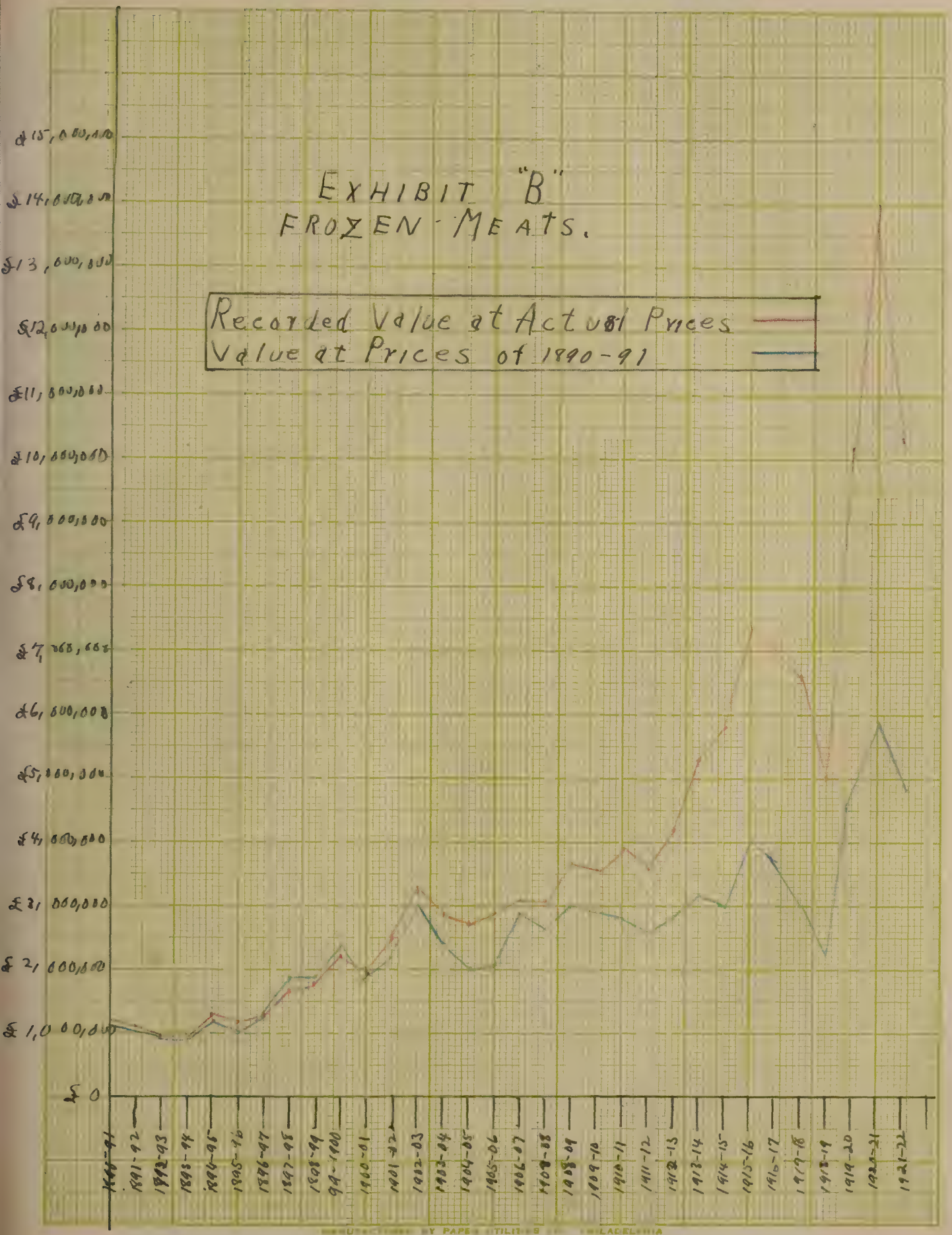
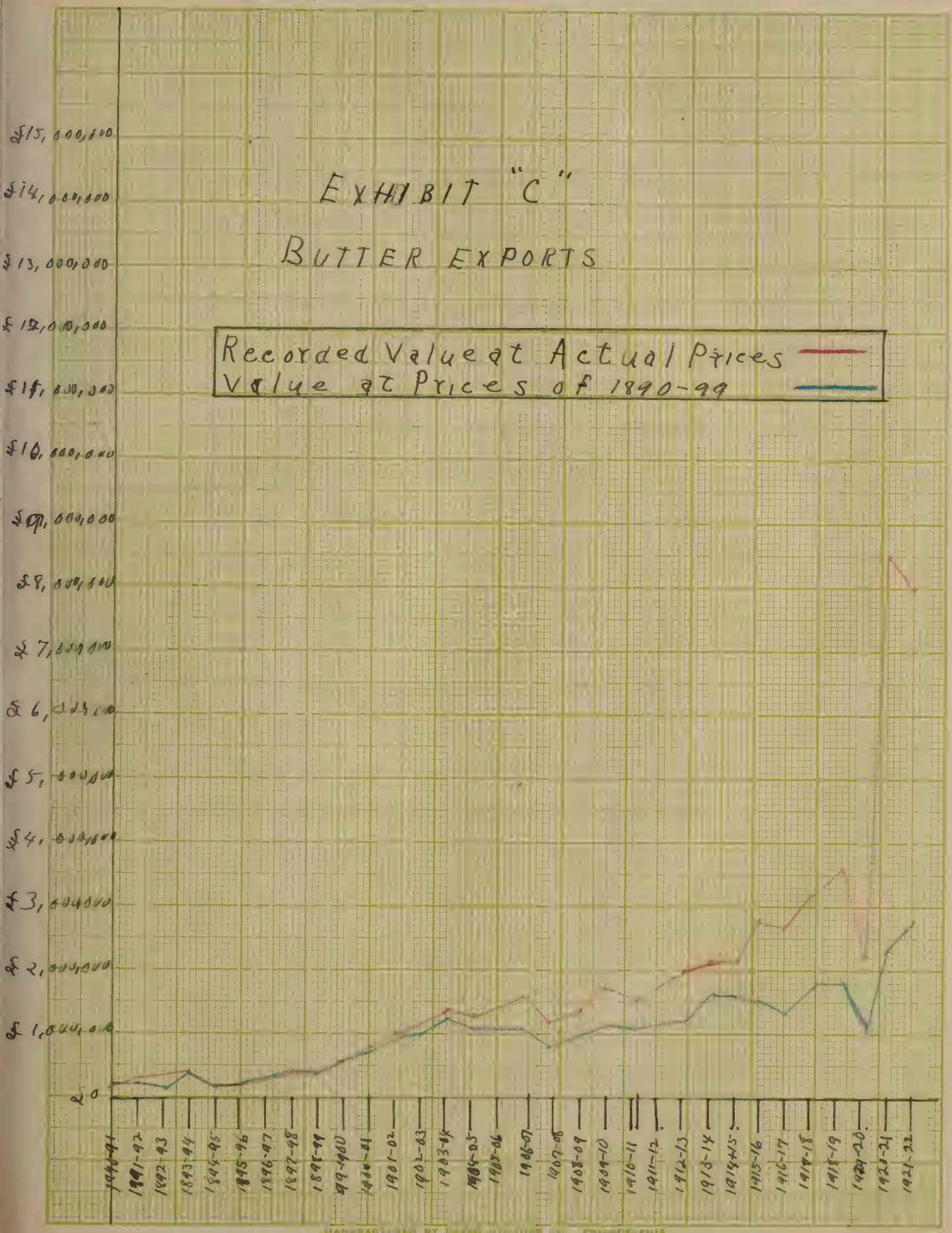


EXHIBIT "C"

BUTTER EXPORTS



CHAPTER III

HISTORY OF THE MOVEMENT FOR ARBITRATION

Early Attempts at Settlement of Industrial Disputes. Up to 1890 there were minor disputes resulting in strikes and lockouts, but none was serious enough in scope or nature to challenge the well-being of society. The machinery then used for the settlement of disputes consisted only of such devices that were set up by the common consent of the parties concerned. There were some employers' associations in the various industries while in some of the occupations, such as coal mining, meat freezing, boot and shoe making, clothing, and among the seamen were there trade unions organized.

The disputing parties quarreling over the terms of a new agreement or the interpretation of an old agreement could come together peacefully and arrive at or strive to arrive at a common understanding. On the other hand, the dispute may result in accordance with battlefield methods, trusting to the relative strength or weakness of one or the other side. The forces of labor and capital in New Zealand were subject to substantially the same difficulties as elsewhere, only that the result of the general fall of prices to 1895 made itself keenly felt in the colony. There are few statistics available to gain a conception of the relative bargaining power of both parties but the indications are that the employers had the upper hand.

While the employers were chafing under a condition of falling prices on the one hand, the employees on the other hand were of a very unusual and aggressive type, having been trained in the workshops of England in their fight for union recognition. So both sides were the victims of extraordinary circumstances while the employers were hedged in from above and below. This among other causes led to resort to the favorite scheme of sweating

their employees. This was especially true of a minority of the employers. The Factory Act of 1891 gave partial relief by requiring full records to be kept of all work done outside of the factory, names and addresses of the workers, quantity and description of work, and remuneration received for it, and these records were subject to the scrutiny of government inspectors. This gave only partial relief.

The disputing parties when adopting peaceful means, generally used collective bargaining and even used it in a few instances on a country-wide basis. In 1891 the boot and shoe makers unions and their employers had emerged from a case of battle-field arbitration and decided to set up a central board of conciliation where both sides had equal representation. The outcome was typical of some of the other attempts to settle peacefully. The union representatives arrived at an agreement which was acceptable to the employees and employers except a few manufacturers of the city of Auckland who refused.

The employees of the minority went out on a strike and lost. After six months of striking the trade lost about $30,000.[16] In 1892, they again resorted to conciliation and reached an agreement to which both sides adhered for three years. When this agreement expired in 1895 as will be seen later, it was the first case to come up under the Arbitration Court. More cases might be cited to illustrate the fact that a minority of employers in an industry could block the wishes of a majority.[17] The recalcitrant minority could by refusing to grant the concessions made by the majority undersell the latter by taking advantage of sweating and other means of lower costs of production to the detriment of the workers. The process of sweating was especially prevalent in the clothing industry.[18] Collective bargaining was also resorted to in

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16. H. D. Lloyd, Country Without Strikes, pages 44-46.
17. Parsons, Story of New Zealand, 1903, pages 342-344.
18. Lloyd, Country Without Strikes, Chapter 4.

the meat-freezing industry and among the coal miners. The latter had made early progress in gaining recognition for their unions. However, there are no cases reported where arbitration was used before the passage of the law of 1894.

On the whole it may be said that while the employers prior to 1890 had reached a certain degree of organization and efficiency in dealing with labor disputes, the employees had at the same time by their prior training and experience in the mother country gained and were gaining at a faster pace that effectiveness of solidarity that was at a much later date making itself felt in the great industrial countries. Labor in New Zealand therefore, seems to have made more progress in relation to the employer than did labor elsewhere.

Conditions that fostered the Idea to Try Compulsory Arbitration.

When 1890 came along, labor became more turbulent throughout Australasia. A strike which began among the seamen elsewhere in the South Sea Islands spread to New Zealand. The Seamen's Union went out and the result was disastrous for the Dominion. Ships that came to the harbor could not be unloaded. This situation became so extreme as to spread to other workers and for a time it seemed that society was split into two hostile camps.[19]

Peculiarly situated and controlled by unusual economic conditions, cutting off shipping was extremely vital to New Zealand. Considering the past record in labor legislation and government it was little wonder that the people in this crisis should turn to their government for relief, not only from the then existing conditions but also from future emergencies. Another coincidence at this time was the getting into power of the Liberal Party backed by labor.

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19. John Mitchell, "Organized Labor," American Bible & Book Co., Philadelphia 1903, p. 340.

The upshot of the whole situation was the clamor for a substitute for the battlefield method of settling disputes and something more peaceful in nature. It was at this time (1890) that W. P. Reeves, the Minister of Labor, began to make a study of the methods of conciliation and arbitration then in operation in the various parts of the world. His conclusion was that the Board of Conciliation and Arbitration in Massachusetts came nearest to the solution. But it was only voluntary in nature.[20]

It had been evident that some of the strikes in the industries were the result of a minority of manufacturers holding out; Reeves decided that compulsory arbitration at least with the mandatory award was the best solution. On this he based his strongest arguments before Parliament in support of his bill. The measure was introduced in 1892 but was defeated and met a similar fate in 1893 but was finally passed August 31st, 1894. It went into operation on January 1st, 1895.

When it is considered that New Zealand was already inclined toward State socialism and that the period from 1890 to 1894 was a period of many strikes, there can be but small wonder that the Dominion went farther in arbitration than any other country. Whether it was the nature of society that influenced the adoption of the law or whether it was the seamen's strike of 1890 that exerted more influence is not certain. From the words of Reeves we have "Far the most important upon public opinion was the maritime strike of 1890."[21] Again another view is expressed in the following: "Its acceptance of conciliation and arbitration was, therefore, the endorsement of a principle rather than the adoption of a policy forced by expediency."[22] It then seems while the industrial disturbances occasioned the law that the real causes lie deeper and are found in the nature of the country's population.

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20. W. P. Reeves, State Experiments in New Zealand, Volume II, page 83.
21. Ibid, page 86.
22. National Industrial Conference Board, Research Report, No. 23. page 2.

CHAPTER IV.

DESCRIPTION OF THE LAW OF 1894.

After having set forth briefly the nature of the country and its inhabitants, it is appropriate to state the provisions of The Industrial Conciliation and Arbitration Act of 1894. It is around this law that the experiences of arbitration are centered and for that reason the provisions of that law will be explained briefly. The writer is laboring under a difficulty as to the method of setting forth effectively and clearly that law because of the fact that various amendments and alterations have been made from time to time.[23] The original nature of the law has been but slightly changed, yet there are alterations in the machinery of the Act which have influenced conditions considerably.

For the purposes of this paper the law must first be considered in its entirety and as it was originally enacted in order to get a glimpse of how it operated. After it is explained from various angles, the numerous amendments will be stated with particular reference being made to those provisions which are altered. Finally, a summary containing the present status of the law will end the chapter.

Its Object. This perhaps aptly is stated in the sub-title of the original Act which reads: "An Act to encourage the formation of industrial unions and associations and to facilitate the settlement of industrial disputes by conciliation and arbitration."[24] It will be noted that while the

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23. Text of the Act as of 1894 is on pages 522-532 of the Report of the Industrial Commission of 1901, volume 17.
24. The words "to encourage the formation of industrial unions and associations and" were suppressed by the Amendment of 1898.

formation of unions was discouraged in Europe and the United States at that time, that organization was fostered and invited in the Act. The object is to get both sides together on a common ground and work out the differences in their interests in order to arrive at an harmonious agrement.

The Machinery for Its Administration. The law provided for boards of conciliation and a court of arbitration. The Governor had the authority to divide the colony into industrial districts in each of which a board of conciliation was to be established to consist of not less than four or more than six members. The Governor originally divided the colony into six districts. That meant that six boards were set up. Later he changed to seven and now the Dominion consists of eight industrial districts. The Court of Arbitration has jurisdiction over the whole country and consists of three members.

The members to the Boards of Conciliation were elected by the registered labor unions and employers' unions. Equal representation was granted to each. It is note-worthy to state at this point that the law applied only to disputes in which the workingmen concerned are organized in registered unions while the employers must also be organized in registered unions in order to choose nominees for membership on the board. If the employees in a district refrain from organizing in a district and the employers likewise they have no share in the election of nominees. The Governor may appoint persons to complete the membership of the board. There were changes made in the nature of the boards but these will be stated later and are mentioned here because it is essential to see what the machinery appeared to be in the early life of the system when consideration is given later as to the effects and experiences when the law was in its original form. After the Governor chose the members who were to

compose the Board from the list of persons nominated by both sides, then the chosen members were to select an impartial person, not one of their number, to act as chairman. Failing to do this, the Governor selects him.

There has been only one Court of Arbitration for the country. This Court consists of three members appointed by the Governor for three years. He chooses one of the judges of the Supreme Court to act as President, and of the two others from the nominees made by the central organizations or associations consisting of local unions of employees and employers. Thus both sides must organize into local uhions to make choices for membership on the boards of conciliation and must then organize on a country-wide basis to make nominations for membership on the Court. However an exception has been made in the case of the employers who, failing to organize centrally, the local associations may make nominations. The governor must select one to represent labor and another to represent capital and thus the Court is complete. Those are the essentials of the system as it appeared in 1894. Since then there were no changes made in the composition of the Court of Arbitration.

Method of Procedure.- For employees or employers to come within the scope of the Act they must organize into unions under the Arbitration Act or the Trade-Union Law. As was stated before, the law took cognizance of the registered unions only and this point of organization can not be stressed too much in this connection. At first seven workmen was the minimum number permitted to organize a union and register it while three employers could form an industrial association of employers.

When there occurred a dispute either party could apply to the Board of Conciliation for a hearing. If the other party did not consent to go before the Conciliation Board it was summarily subpoenaed if the Board considered there was sufficient reason for action on its part to hear the dispute.

The other party was notified and the investigation proceeded. The reasons for this was explained by W. P. Reeves, the author of the law in the Parliamentary debates as due to the fact that the public always wants to arbitrate (possibly it has nothing to lose) and if one side chooses arbitration the decision is by a majority. Thus one side may hail the other before the boards as the first step. If neither of the parties appeals to the Board then the dispute does not come under the Industrial Conciliation and Arbitration Act.

The first step then has been an appeal to the Board of Conciliation and up to 1901 as will be explained more fully later, no case could be taken to the Court of Arbitration before it was first heard by the Conciliation Board. When this step is taken, anything in the nature of a strike or lockout becomes unlawful, and the business must continue on the old terms until the case is settled. If a strike or lockout has already begun before application is made for a hearing, it must stop, and men discharged because of the difficulty or their union activities must be reinstated. It is then that a strike or lockout is outlawed. When no appeal is made, the recourse to battlefield arbitration is legal under the law of 1894.

At the hearing, the aim has been to get the disputants to settle as many points as possible. When the Board arrives at an agreement by a majority decision the parties may or may not accept the terms. If acceptance is made, then the "industrial agreement" is binding and may be taken to the Court of Arbitration to be made into an award. It will then be enforced by the Court. If the disputants do not accept the findings of the Board of Conciliation, the case goes automatically before the Court of Arbitration unless both parties come to terms on some basis. The Board of Conciliation may then drop the case as it has never been compulsory on it to make an industrial agreement. Either party may appeal from the findings of the Board to the Court who will then proceed with the case.

The proceedings before the Boards of Conciliation have been very informal and inexpensive. No counsel or solicitor is allowed to appear if the other party objects. No such consent has been given. Each board had full investigative powers and could appoint experts to assist in the investigation of technical matters.

The Court of Arbitration proceeds with greater formality and resembles an ordinary law court in dignity but the method is simpler and less expensive. The State pays the costs incurred by the Boards and the Court. Counsels may appear only on consent of the other party in a case before the Court and such consent has never been given. Both sides feat that it would give the other an advantage. The Court has full investigative powers, may compel the production of books and papers and summon witnesses and employ technical experts at the State's expense. There is no appeal from a decision of the Court of Arbitration except on a point of law when the case may be taken to the highest Court in the Dominion.

Jurisdiction and Scope of the Awards. While the industrial agreements effected before the Boards of Conciliation only applied to the industry within the district in which the Board is located, the awards of the Court at first extended only over those districts in which the dispute occurred. As will be noted, the Court in 1900 was given power to extend its decision over the whole Dominion. The scope of the award includes all the employees and employers, all union and non-union employees, within the industry of the district, districts or country as the Courts may designate. The maximum life of an award was two years, but is now three years. An award could not be reviewed by the Court during that time.

The jurisdiction of the Court extended from the first over many matters affecting the wage contract and labor conditions, such as the establishment of a minimum-wage rate, maximum number of hours, limitation of apprentices and slow workers, relations of union to non-union men, use of safety appliances,

Sunday work, holidays, health regulations and, in fact, to all matters relating to the wage contract.[25]

Methods of Enforcement and Penalties. Every employer and employee whether a union member or merely a non-union worker, is liable for a breach of an award. In the case of a worker the fine may not exceed £10 ($50) and in the case of an employer £500 ($2500). The law does not compel the employer to keep on doing business or the employees to keep on working, but if they do keep on working and doing business in that trade, it must be in harmony with the terms of the award. When employees quit singly, it is legal, but when they quit in concert, the conspiracy laws are liable to be invoked since 1905.[26] One important feature that must be kept in mind during this whole study is the idea that the non-union employees or employers who have no voice in the selection of the members of the Boards and Courts and who may not even be parties to the dispute, yet they are bound by the award. When the whole system is considered, the reasons for that provision appear optional.

There is no compulsion to join a union but by one of the first awards of the court the principle was laid down that entrance to union membership must be open to all persons of good character at a moderate fee. This will be taken up more fully when the principles of the Court are considered. The law stipulates that a workman or employer may only leave it after a three month's notice. That would free him from damages which his union may incur in case of violating an award but such person is still under the award as a non-unionist.

An award may be violated in several ways. A single employer may discriminate

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25. W. P. Reeves, State Experiments in New Zealand, Vol. II, page 109 describes the nature of the awards. On page 109 he mentions the trades that come under the purview of the court.

26. Before 1900 only worker's unions were liable for breach of an award. In that year non-unionists were made liable and by the 1905 amendment, individual workmen and unionists were also made liable. Unions of employers were and

against a union employee or he may lock out all his workers. The same is true of the employees who may singly agree to work for less wages than the Court sets as the minimum or for longer hours and thus defeat the aims of the Court, or they may strike. As noted above, an employee may quit working or an employer may go out of business for reasons of their own.

Prior to 1903 it was left to the unions to initiate proceedings for a breach of an award, and they received the fines imposed. The Amendment of 1903 placed their function in the hands of Government factory inspectors who recover the fines for the public treasury. Prior to 1905, the Court of Arbitration had the exclusive power to enforce its awards and conduct the trials of alleged violations. As the volume of work increased, the burden of enforcement trials was placed in the hands of the ordinary courts of the Dominion and violations of awards were treated as statutory offences.

Amendments. These amendments might preferably be placed in the Appendix, yet a brief outline of the most important amendments is of great concern here. It serves to show that the system is on constant evolution. Humanity is never static. Changes must be made now here and then elsewhere to meet with altering conditions. These amendments as will be pointed out have had important influences upon conditions while conditions have on the other hand influenced their enactment.

The law went into effect on January 1st, 1895. The first Amending Act passed in 1895 provided that a minimum number of five employees could associate to form an industrial union. Originally the law had stipulated for

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subject to fines not exceeding £500 ($2500), but as noted above, individual workers, for an amount not exceeding £10 ($50.) Before 1905, strikes and lockouts were not illegal under the Act because they were not a breach of an award. In 1905, strikes and lockouts were made statutory offenses and the amendment prescribed fines not exceeding £100 ($500) in case of an employer, an association or a union or £10 ($50) in case of a worker. When a union or association is fined and its funds do not suffice the individual unionists may be made liable to the extent of £10 ($50).

seven employees and three employers as the number necessary to secure registration as a union. The reduction was made to further facilitate organization. It also provided that two experts may be nominated by the respective parties to aid the Court in dealing with technical matters. Other minor matters were included to make administration more complete.

The Amending Act of 1896 was only regulative in character. Its most important provision being that no person while sitting on one board shall be eligible for nomination or election to a seat on any other Board. The words "to encourage the formation of industrial unions and associations" was struck from the sub-title in 1898. This amendment enlarged the powers of the Court by giving it more explicit powers as to what determined a breach of an award and the penalty that might be imposed. The Court might also prescribe a minimum wage with provision for fixing a lower rate for workers unable to earn the prescribed minimum. The Court had already in the first award set the minimum wages and was now given formal legal sanction to do so.

The Act was consolidated in 1900 and enlarged the definition of "industrial matters." Hitherto restricted to wages, hours, employment of children and young persons, by adding that members of industrial unions of workers may claim preference of employment to non-union members. This was already a principle set up by the Court. The minimum number of employers necessary to form an employer's union was reduced from three to two while the number of five was retained in the case of employees. Strikes and lockouts were forbidden under penalty of a fine not to exceed £50 ($250) while a settlement of a dispute was pending before a Board or the Court. The Court was also given power to extend the scope of the award beyond any one of the industrial districts and even over the whole of the colony depending upon the Court's opinion.

In 1901 a number of regulative changes were made, by giving the Court the power to restrict an award to apply to a city or town with provision

to extend the scope after limitation on application by the proper parties. New definitions of the terms "workers" and "industries" were inserted, so that the provisions of the Act could apply to practically every wage-earner. The term "workman" had been used heretofore and due to that term, the women workers had shown reluctance to organize. Under the above definitions, grocer's clerks, street railwaymen, farm laborers, and shearers were included. The Court had previously disclaimed jurisdiction over those occupations on the ground that they were not industrial. An amendment of great significance was enacted this year. It provided that a dispute may go directly to the Court of Arbitration without a previous hearing before a Board of Conciliation. This remained in force until 1908 when cases could be taken to the Court only by appeal. The effects of these changes will be discussed later.

Two Amending Acts were passed in 1903 and both were mostly regulative in character. The second gave the Court power to extend an award to another district where the industry affected too much competition with the products manufactured in the industrial district where the award was in force. In 1905 an individual employer or employee bound by an award or industrial agreement effected before a Board, in that industry was made liable to payment of a fine for taking part in a strike or lockout.

The 1906 Amendment regulated the issue of permits to work at less than the minimum wage. The arrangement in effect since 1898 was that such permits had to run the gauntlet of getting by the secretary of the union. Of course, the secretary wished to restrict the issuance of such permits for union expediency much to the detriment of slow or disabled workers who experienced difficulty in getting employment at full rates. Henceforth applications were made in writing directly to the Registrar of the Court who was to notify the Secretary of the industrial union of workers in the trade. A hearing was then held where the views of the union could be

expressed. A worker was to be subject to a fine for working at less than the minimum set in the award, only when it could be shown that his intention was to defeat an award. The Amendment also provided that the President of the Court should hereafter be known as the Judge of the Court and the three Court members were to receive a salary of £500 ($2500) annually.for their services.

At this point, strikes again appeared in New Zealand and the remedies made were in the direction of additional restrictions to striking or locking out by setting penalties for persons taking part in or in any way inciting, instigating, and abetting strikes and lockouts. Industrial unions so convicted were made liable to suspension of their registration privileges for a period not exceeding two years. Employers were forbidden under penalty to dismiss workers for taking part in trade union activities or for action in connection with an arbitration award, or because such person was entitled to the benefit of an award. The employer must furnish the proof that he dismissed the worker for other reasons.

By this Amendment the old feature prevalent before 1901 of having first to take a case before the Conciliation officials before the case can be appealed to the Court. That is, no more can disputes be taken directly to the Arbitration Court. As is pointed out in a later chapter the restoration of this feature was made out of necessity as the Boards fell into disuse and the Court was swamped with work.

By the 1908 Amendment the Boards of Conciliation in each district were abolished and there are no longer any standing Boards as such. The Governor was given authority to appoint four conciliation commissioners, whose duty it is to call together representatives of employers and employees from the industry where the dispute has arisen. The commissioner is then to sit together with an equal number of these assessors in what is known as a Council of Conciliation. Thus when a dispute arises, one side may make

application to the commissioner who then forms a council representative of that industry. The only permanent official of the council is the commissioner himself thus being different from the Boards of Conciliation. The powers and duties of the earlier boards are retained by the Councils.

Another Amendment (1911) empowered the Court to make an industrial agreement into an award provided such agreement bound a majority of the workers in a district and when the agreement does not conflict with an existing award or is not contrary to public interest. It further provides that recommendations of conciliation councils shall become effective industrial agreements if none of the parties to a dispute disagree with such recommendations. If there is disagreement then the matter shall be referred to the Court of Arbitration.

The 1913 Amendment provided that when a recommendation of the Council had not been objected to, it shall operate only as an industrial agreement binding only the parties agreeing thereto as provided in the Amendment of 1911. The 1913 Amendment made express provision that such recommendations shall not operate as an award which covers all employers and all employees in the industry of the district native to the dispute.

A very important amendment was enacted in 1918 when under the War Legislation Act, the Court was given the power to take into consideration during the currency of an award the increases in the cost of living. The Court could thus review an award any time after it was in force and did not have to allow it to operate until it expired at the end of three years. As will later be explained, the Court adopted the practice of setting a basic wage for each of the skilled, semi skilled and unskilled workers for the whole Dominion regardless of industries and then granted a bonus periodically on that basic wage or a reduction of the bonus.

The last Amendment to come to the writer's notice that bears importance is the one of 1921-1922.[27] A maximum of five votes is prescribed for any

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27. Annual Report of Minister of Labor, 1922, page 5.

one union in the election of a representative on the Court of Arbitration. (Hitherto each union was allowed one vote for every complete fifty members, without restriction as to the total number of votes). The Court was also given power to amend awards for any purpose with the consent of all the parties. The War Legislation Act of 1918, empowered the Arbitration Court to alter wages and hours in awards and industrial agreements according to the cost of living, is replaced by a provision giving the Court wide powers to make such amendments or alterations by means of a general order, having regard as before to a fair standard of living, and with a proviso that on application, the Court may make a special order in any particular case.

The Labor Disputes Investigation Act of 1913. This law has an important bearing upon the system of settling disputes as provided for in the Act of 1894 and its subsequent Amendments. The 1913 Act bears the same title as the Canadian Law of 1906 which was declared invalid by the decision of the Judicial Committee of the Privy Council on January 20th, 1925. The New Zealand Law of 1913 which is still in full operation applies to workers or societies of workers not bound by an award or agreement under the Industrial Conciliation and Arbitration Act of 1894. When a dispute arises, any of the parties may give notice to the Minister of Labor mentioning the existence of a dispute and the points at issue. The Minister may refer the matter either to a conciliation commissioner appointed under the Arbitration Act, or to a Labor Disputes Committee formed under the 1913 Act, consisting of from three to seven persons of whom one shall be chairman and the parties to the dispute haveequal representation.

The Committee after investigation of the dispute, is required to report on it to the Minister of Labor. In case no settlement is arrived at, the report must include at least two proposals for the settlement of the dispute. If the dispute is not settled within fourteen days after the delivery of the

notice to the Minister, the Registrar of Industrial Unions is required to have a secret ballot conducted as to whether the recommendation of the Committee should be adopted, or whether, in the case of no recommendation being made, a strike or lockout shall take place. The result of this ballot will be published in the newspapers. If an agreement has been made between the parties with regard to terms of employment it may be filed as an agreement the penalties for breach of such agreement are the same as those for a violation of an industrial agreement under the Industrial Conciliation and Arbitration Act.

If the members or any of the members of a society of workers which are unregistered and to which the Act applies, strike without notice to the Minister of Labor or before seven days after the publication of the notice of the result of the secret ballot, or during the currency of an agreement filed with the Clerk or Awards, such strike is deemed an unlawful act, and every party to it is liable to a find of £10 ($50) for an individual. In case of a lockout under the same provisions the penalty may not exceed £500 ($2500).

It is then evident that under the New Zealand system, legal strikes - that is, those not under the purview of the Acts of 1894 and of 1913, must be few. Prior to 1913 a union of employers or employees could evade much responsibility by not registering; since 1913 that has changed because the existence of a dispute in an unregistered union will come under the Industrial Disputes Investigation Act. For a strike to be legal at present it must run the gauntlet of the enumerated conditions above.

Present Status of the System. The Arbitration system needs elucidation here to portray more clearly its present constitution. For the purposes of administration the country is divided into eight industrial districts. Industrial unions may consist of not less than three persons in the case of employers and fifteen in the case of employees in any specified industry in an industrial

district. Any two or more unions may form an Industrial Association. Of the Conciliation Councils which replaced the Boards there is one for each industrial district and each is administered and organized by a Commissioner appointed by the Governor.

When a dispute arises the parties are asked by the Commissioners to choose assessors to the Councils but they must be men engaged in that industry. They, together with the Commissioner, form the Conciliation Council.

The Court of Arbitration covers the whole of New Zealand. It consists of a President who until recently was required to be a judge of the Supreme Court, a member nominated by the employer's unions, and a member nominated by the worker's unions. They are appointed by the Governor and hold office for three years. There is no appeal from the decision of the Court. The Awards have the force of law and any infraction of them is visited with a penalty.

The compulsory feature needs elucidation also since a retrospection is possible. No one is compelled to arbitrate. The State does not step in and impose arbitration at its own instance. But if one side (that is a union of workers or an association of employers) chooses to submit to the system they register under the Act, and then if either side demands arbitration the other must also appear before the Council first and later before the Court if appeal is taken. Moreover any union or association may if it chooses, cancel its registration and try its fortune in other ways. The initiation lies with the aggrieved party. The term "Mandatory Arbitration" is perhaps a more suitable one.

A union not registered or when it does not come under the scope of the Act of 1894 may when a dispute occurs bring the matter to the notice of the Minister of Labor who may then bring the machinery set up by the Industrial Disputes Investigation Act of 1913 to bear. That has just been described above. So the New Zealand system is a system of legally enforced awards.

CHAPTER V.

THE SYSTEM IN OPERATION PRIOR TO 1906.

Characteristics of this Period. New Zealand did not experience any strikes or lockouts that violated the law of 1894 during the first twelve years of the operation of the Industrial Conciliation and Arbitration Act. In literature of that time New Zealand was referred to as a country without strikes. There is, however, a slight fallacy that needs correction. It is true there were no illegal strikes or lockouts until 1906 but there were at least seven strikes involving in the aggregates only about 300 men.[28] These were legal since they were among unregistered unions or by non-union men who did not apply to the Conciliation Boards nor did the employers. They were insignificant and did not cause any public alarm.

The next thing to be noted is that this was a period of rising prices. That no strikes of great magnitude did occur when prices were rising is a peculiarity. The most common period for labor to strike is when the level of prices moves upward. It is then that wages lag behind and cost of living rises. So during this period conditions were peculiar in that respect. The world level of prices was upward since 1895. The effect that it had upon New Zealand is obvious from Charts A, B, and C which reflect the dependence of New Zealand upon world prices. This brought more capital value to the exporters and industries and better times were the result.

This was also a period of increased unionization. The system itself encouraged the organization and registration of unions of employers and employees as is noted in the preceding chapter. From the words of the author of the law we have the statement that "It was never intended that the Act should apply to strikes of unorganized workmen. They were never likely to be formidable enough to constitute a danger to the public welfare,

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28. Frank Parsons, Story of New Zealand, pages 323 - 324.

and therefore did not call for State interference."[29] Since the foundation of the system was the registration and legalization of unions it is important to notice that when the law went into effect, the Minister of Labor reported that 61 trade unions and one employer's union came under the purview of the Act. The increase in registration continued and on March 31st, 1899, there were 124 trade unions representing 14,822 workers while only 8 employer's associations were registered. The fact that employers showed reluctance to organize did not enable them to escape the possibility of being hailed before the Conciliation Boards or into the Court of Arbitration. Although a single or individual employer could not as such initiate the proceedings.

In 1896 only 27,389 persons in the colony were employed in factories and workshops, meat-preserving and other similar establishments.[30] Of these it will be noticed that only about half were unionized. But it is also evident that out of the total population of less than 800,000 only a small portion was engaged in manufacturing.

Nature and Settlement of the Cases that Came Up. The trades that were represented by registered unions and thus came under the scope of the Act included almost all of the major occupations and all those which the Court declared as industrial. Those trades that came under the Act in 1895 were the bootmakers, seamen, goldsmiths, coalminers, moulders, drivers, saddlers, tailoresses, dressmakers, sawmillers, engineers, printers, tailors, millers, carpenters, plumbers, painters, iron workers, furniture makers, bakers, confectioners, butchers, and a few others. In 1901 the scope was widened by an amendment to include shopmen, clerks, farm-laborers, and shearers. However, the farm laborers were always reluctant to organize. In 1898 the Canterbury Grocer's Union, composed of clerks appealed to the Board of Conciliation which decided

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29. W. P. Reeves, State Experiments in Australia and New Zealand, volume II, pages 139 - 140.
30. New Zealand Official Year-book, 1899, pp 272, 273.

"in their favor at all points". But the Court ruled it out, saying that it was not an industrial dispute.[31] That is, the Court refused to recognize that trade as industrial. As noted above, they were included by the amendment of 1901.

It should also be noted that the government employees seldom came under the jurisdiction of the Court. The telegraph and telephone employees, postal clerks, teachers and state railway employees had special appeal boards of their own. Since 1901, the railway employees may appeal to the Arbitration Court but they must first take a vote to do so.

In the nature of the first cases it is seen that the employees took the initiative and referred most of the early disputes to the local Boards of Conciliation. The number of the cases that were brought before the Conciliation Boards from 1895 to 1901 are below.[32]

Table 2. - Number of Disputes Referred to Conciliation Boards (1895-1901).

Year	Number
1892	2
1897	6
1898	30
1899	25
1900	35
1901	55
Total	151

The relative importance that the conciliation feature of the system bore to that of arbitration is not evident by noting that only one-third of the cases referred to the Boards of Conciliation were fully settled by them. Many of those appealed or taken to the Court were to some extent settled as only a few points were still in dispute when the case reached the Court.

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31. Annual Report of Department of Labor, 1900, page 3.

32. Report of the New Zealand Department of Labor, 1902.

This was a great help to the Court who could then proceed with those points not yet agreed to.

Of the 151 cases coming before the Boards of Conciliation between 1895 and 1901 there were only 51 cases or 33.8% settled by the boards and made into industrial agreements while 100 cases or 62.2% were taken to the Court of Arbitration. It was due to this condition that it was decided by the New Zealand Parliament to amend the Act so as to permit disputes to be taken directly to the Court, since 66.2% of the cases are taken there eventually. It was argued before Parliament that cases could be dealt with with greater dispatch if allowed to go to the Court directly.[33] Many felt that it was a waste of time to bring a dispute before the Boards of Conciliation who could only settle a few points of difference, thus necessitating the whole case going before the Court. Accordingly the Amendment of 1901 made this change. The results of this provision will be discussed in the following chapter.

In the year 1900 as noted in Table 2, 35 cases were before the Boards of Conciliation. Of these 13 were reported as "no settlement" by the Boards and 22 recommendations were made by the Boards. of the 22 recommendations, 10 were accepted by the parties and 12 were appealed to the Court while some of those reported as no settlement were brought before the Court also. The result was the making of 19 awards for the year, 7 going to the building trades, 3 to the seamen, 2 to the gold miners, 2 to the coal miners, 2 to the boot and shoe makers and 1 each to bakers, iron-moulders, and furniture makers.[34]

The worker's unions took the initiative in feferring cases to the Conciliation Boards. This is the natural thing to expect when prices rise. Their demands included higher wages, less hours, preference of union over non-union workers and better working conditions in general. The employers were thus

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33. Parliamentary Debates, 1901
34. Report of the Department of Labor, New Zealand, 1900.

thrown into a state of resistance, often objecting on the grounds that it was an interference with their right to run their business as they saw fit.

In 1897, of the six disputes that came before the Conciliation Boards, two were settled fully by the Boards and made into industrial agreements, four recommendations were made but these were taken to the Court by the Employers and resultedin awards. All of the six taken to the Conciliation Boards were done so by the employees.[35] That substantiates the assertions made frequently that in the early cases, it was the employees who initiated the proceedings but it was the employers who appealed to the Court.

The disputes coming up in 1898 do not as strikingly illustrate this point but the same tendency is still there.

Policy of the Court. When the Court was established in 1895, there was no line of precedents or a set of principles for it to follow. It is then evident that the Court and the Boards but notably more so the former, had to set up some form of policy in regard to some problems that continually came up and were not explained in the Arbitration Act.

The question of union preference in employment was raised in the Bootmaker's Case of 1897 which was one of the cases referred to the Court. In it the Court laid down the principle which it has since followed quite consistently, "that the employers shall give preference to unionists if they are equally qualified with non-unionists to perform the work required, and that where unionists were employed together they should work in harmony with non-unionists under the same conditions having equal pay for equal work."[36] This rule has subsequently been followed in those trades which were manned mostly by unionists.

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35. Annual Report of the Department of Labor, New Zealand, 1897, pages vi-viii.
36. Ibid, page vii.

However in the Westport Coal Company case of 1897, preference to unionists was made condition in that preference shall only be given to those unions having rules which permit a worker of good character to join at a fee not exceeding five shillings ($1.25) and subsequent contributions not exceeding six pence ($.12) per week. In the case of the Seamen's Union Award of 1897, the Co rt decided that since both union and non-union labor was employed, the employers were not to discriminate against members of the union and shall not dismiss nor do anything directly or indirectly to the injury of the workers.

By the Amendment of 1900 provision was made for reciprocal preference between industrial unions of employers and employees, thus working for the benefit of associations and unions which was one of the original purposes of the Act. The rule as since followed has been where the members of unions form a large majority of the workers in the trade affected and where the rules of the unions allow for easy entrance of non-members, preference is granted. This is evident from a study of the Awards of the Court all through its history.[37]

Concerning the question of unemployed workers, the Court recommended in the Westport Coal Company Case of 1897 that "in slack times employers shall, if men desire it, distribute the work among their employees, giving each a share rather than discharging any."[38] The Government for several years had been attempting to solve the problem of unemployment by establishing an employment bureau and offering work on the public lands.

With reference to the minimum wage, the Court has from the first case in 1897 set the precedent to fix the wage as the lowest rate for an able-bodied worker of average ability. In almost every award the Court has set a minimum rate below which wages may not go except for substandard workers.

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37. "Out of 159 awards in force on March 31, 1906 preference had been granted in 115 cases, refused in 40 cases, and not asked for in 4." Broadhead, State Regulation of Labor and Labor Disputes, Wellington, 1907, page 113.
38. Annual Report, Department of Labor, 1897, page vi.

The employers are given full control over the management of their factories. In the bootmaker's award of 1897, the employers were given full liberty to introduce machinery without notice, and with no restrictions upon output or the method of working. This has not been altered in subsequent awards.

It is thus evident that the Court in the early cases had to lay the foundations and set precendents for future bases of action. Generally, it may be said that in fixing the working conditions, the Court assumes a conservative attitude, that is, in the matter of wages and hours. In making that statement the writer has in mind all the various awards considered in a broad light. While a minimum rate of wages was set it does not appear that it was too high for the employers to pay since not much capital was driven out of the country or diverted to other industries and yet the wages paid were satisfactory to the workers to such a degree as to keep them from striking for twelve years.

In the matter of hours of work, it is true the Court seemed in the early cases to reduce the maximum for the week very materially but in subsequent awards the hours were not reduced very noticeably. As early as 1897 in the Bootmaker's case, cited before, the weekly hours were set at 48. When the award expired the following year the Court refused the request of the workers to have the number reduced. The coal miners in 1897 were granted an 8 hour day which was not reduced since. In the building trades, the carpenters in 1897 were given a 44 hour week while in another award the painters were given a 44 hour week which also stands with no change since. More cases might be cited to make it evident that once had the Court set a pace it did not make radical changes.

Reasons for No Strikes. There is one outstanding characteristic of this period which was stated in the beginning of this chapter and that was the fact that prices were rising since 1895 and continued to do so throughout this period.

When prices rise, business is active and manufacturers have an opportunity to avail themselves of greater profits. On these rising markets it was the policy of the Court to grant better conditions to the laborers without driving capital out of the country. The country had just (1895) emerged from a period of depression and was enjoying better times, thus coupled with the fact that the Court improved conditions seemed to satisfy the workers sufficiently to prevent strikes.

W. P. Reeves, the author of the law and who was Minister of Labor until 1900, stated in 1902 that, "Instead of striking on a rising market, as the traditional custom of trade unionism has been, the New Zealand unions were able to arbitrate upon it. The same revival of prosperity explains how it came about that in most of the awards - in the earlier cases - the men gained something, though usually less than they asked."[39] The statement is significant in showing that wages and laboring conditions merely followed prices in the upward scale to the satisfaction of the workers in the earlier cases and up to the time Mr. Reeves was writing. It does show that wages followed prices more rapidly with arbitration than without it.

John Mitchell, writing in 1905, attributed the success of the workingmen before the Court to the fact that practically the whole of this period New Zealand has been progressing industrially and has enjoyed good times.[40]

That the workers would have received better conditions without the law seems certain, but they received them without resorting to strikes. The United States Industrial Commission of 1901 makes the following statement: "It is especially to be noted, moreover, that the past few years have been years of unusual prosperity in New Zealand and that, even in the absence of the Compulsory Arbitration System, higher wages and improved conditions for the working men would doubtless have been secured."

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39. State Experiements in New Zealand, Volume II, page 110.

40. Organized Labor, American Bible & Book Co., Philadellhia, 1903, page 337.

Attitude toward the Law. The workingmen generally appeared to be fairly satisfied with the law. This is indicated by the growing number of unions which registered the early years of the life of the Act, thus placing themselves voluntarily under the System. In general, the employers seem to have been less favorably disposed toward the measure, but there were some employers who saw some benefits in the Act. In case of industries in which competition between employers is sharp, there has been some disposition to favor the system of compulsory regulation of the conditions of labor because of the resulting uniformity. Manufacturers knew that their competitors had to pay the same wages and meet the same conditions of employment, so that the conditions of competition were made more equitable. Since the awards would set the terms of the labor contract for a definite period of time, within which contracts could be made with reasonable certainty regarding costs.[41] Yet the majority of employers were kept in a condition of resistance because the employee's unions were constantly hailing them into Conciliation and Arbitration and in the early cases the employers had to grant concessions.

There came about a change of attitude toward the system on the part of the workers and employers. To go back into the history of the Act, it was pointed out previously that it was the liberal party backed by labor which supported the Arbitration law in Parliament and the Ministry which sponsored the law was of that party. The employers opposed the passage of the Act and defeated it in 1892 and 1893. It was the trade unions that looked favorably upon the new law and organized readily while the employers were reluctant to organize associations. It was the employees as parties to the earlier disputes that usually referred the matter to the Conciliation Boards who decided in favor of the workers and thus forced the employers to grant concessions. The employers would then appeal to the Court in order to

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41. Reports of the New Zealand Department of Labor, 1896-1906.

prolong negotiations because the Court generally adopted the findings of the Boards and made them into awards.

Toward the close of this period (1895-1906) the employers appeared more friendly toward the Act. But from the beginning many cases will bear out the assertion that the majority of the employers were willing to accept the findings of the Boards of Conciliation and that it was only a minority of employers who appealed from the findings of the Boards to the Court.

In the case of the Auckland Tailoresses' Industrial Union in 1899 a great majority of the employers had made agreements with the employees before the Board when five of the employers objected to them and carried the dispute to the Court. In Dunedin in 1899, 42 out of 49 clothing firms signed an agreement with their employees before the Board but seven refused and appealed to the Court. The Wellington Tailor Case of 1900 showed a similar experience. There two dissenters, the General Drapery and Importing Company and the firm of Kircaldie and Stains refused concurrence after 26 of the 28 firms had made agreements with the employees. The Court made the agreements of the majority into an award and ordered acceptance by the minority. In another case, 159 master builders signed an industrial agreement embodying the recommendations of the Auckland Conciliation Board, but 19 employees refused and caused the case to go to the Court.

Possibly the majority of the employers assumed a favorable attitude; the Court became more conservative in granting concessions to the laborers. This, as was noted before, seems to have been the policy of the Court. In 1903, the Minister of Labor stated that there came some opposition from those who are always active opponents of all labor legislation - individualists who insist upon the right of every man "to run his business as he likes." This means, of course, some of the employers.[43] In the same article, the Minister admitted that opposition to the law comes mostly from those, "whose

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42. Parsons, Story of New Zealand, pages 330-334.
43. Edw. Treager, Industrial Arbitration in New Zealand, Independent, August 13th, 1903, page 1908.

abodes in districts far removed from centers of economic activity and whose pursuit of agriculture or pastoral avocations render them careless of the influence which affects industrial movements."

The significance of these statements is that there was discontent with the system on both sides. While no strikes occurred prior to 1906, it is evident from these writings that certain elements in the working classes were manifesting hostility. It is all the more significant to note that while peace appeared upon the surface the few years before 1906, yet there was brewing discontent underneath.

The reasons for no strikes then seem to be due to the accumulative prosperity and the general success of the employees under the arbitration system, during the early years following its inauguration. The reasons for the change in attitude of the parties to the system and why the court assumed a conservative attitude at the close of this period will be considered in the following chapters.

Results of this Period. The Court has done nothing marvelous or miraculous during this period or any other. From an external point of view it appears that it has done more during this period than any other because there were so few strikes during this period. The system had the confidence of the workers because partly the party in power was in control of the farmers and laboring classes, and partly because the Court made grants to the workers' demands in the early cases. Taking the period as a whole, wages did not rise faster than the cost of living. An investigation by Mr. von Dadelszen, the Registrar General, shows that while average wages increased from 1895 to 1907 in the ratio of 84.8 to 104,9, the cost of food increased in the ratio of 84.3 to 103.3. No calculation was attempted for clothing or rent.[44]

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44. Official Year Book, 1908, p 539.

That prosperity had been present and made itself felt in New Zealand from 1895 to 1907 is not questioned but the rate of its increase has not been the same. Naturally enough the question presents itself as to the method ofmeasuring prosperity. The best that can be done with the data available is to present a few facts and make inferences for whatever they may be worth. The lines of employment in which the Court was most actively occupied were manufacturing and mining because in those lines has the court made most of its awards. So the growth of manufactures, volume of employment, value of trade and growth of population should be indicators of sufficient importance to illustrate the degree of prosperity in the Dominion.

To make a closer inspection it is well to divide the period under observation into two parts. The first beginning with 1896 and ending in 1901 while the second begins there and ends in 1906. Wages increased in the first period by 63 per cent but the second only by 33 per cent.[45] Number of hands employed in factories increased by 56 per cent in the first period but only by 22 per cent in the second period.[46] The number of manufacturing establishments during the first years increased by 49.7 per cent but only by 13.8 per cent during the last years of the period.[47] While the rate of expansion of manufacturing has apprently decreased, sight must not be lost of the fact that machinery was introduced at this time but it seems to have been at the same rate thoughout the period since the value of machinery and plant increased from 1896 to 1901 at the rate of 28.02 per cent for the period.[48] The rate of increase from 1901 to 1906 was 39.98 per cent.[49] The total output of the establishments increased during the first period at the rate of 23 per cent while during the second by 31 per cent.[50] The value of the total trade per head of population also shows a similar trend. Mining and other industries might be cited to show that propperity slackened its pace after 1901. At the same time population increased by 10 per cent from

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45. Official Year Book, 1909, page 405.
46. Ibid, 1909, page 405.
47. Ibid, 1919, page 625.
48. Ibid, 1906, page 338.
49. Ibid, 1909, page 406.

1896 to 1901 but from 1901 to 1906 it is found that it increased by 16 per cent.[51]

There are always hazards involved when figures are quoted but in this case it is evident that while population increased at a faster rate and production and factory expansion at a slower rate when the two periods are compared, it goes to show that jobs did not open as fast as applicants presented themselves to fill them.

Our attempt will be made to explain the reason for the phenomenon but it is interesting to note how the court has fared under these conditions. That has already been presented. It adopted a more conservative attitude after 1901 when the awards came up for renewal. At the same time it became more unpopular with the workers who registered numerous protests against the Court's decisions. A comprehensive discussion of prosperity over the period of thirty years will follow in Chapter .

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50. Official Year book 1909, page 407.

51. Official Year Book, 1922, page 44.

CHAPTER VI.

THE SYSTEM IN OPERATION SINCE 1906.

Characteristics of this Period. This chapter embraces the developments from 1907 to the present except in the matter of wages and the nature of industrial disputes to which the next two chapters are devoted. The title of Lloyd's book is no longer true.[52] The first illegal strike occurred in 1907 among the Slaughtermen while November and December of 1913 witnessed a great upheavel. Obviously the subject must be considered in a new light. New Zealand has been passing from one period of transition and from one epoch to another. It passed in a mild way into a revolutionary phase in contradistinction to the evolutionary phase which she has completed.

Prosperity slackened and depressions visited the Dominion in 1908 and 1909 when the world depression of 1907 made itself felt in New Zealand. Conditions changed slightly until 1913 when the great upheaval resulted in a series of sympathetic strikes. When the World War occurred it acted as a boom for the country since an increased demand for foodstuffs in the warring nations served to make Europe a ready market. In 1916 the need for ships to carry the exports from New Zealand was keenly felt since the mother country withdrew much shipping to European waters.

Many other abnormal conditions were the result of the World War. The ability of the Court to coup with the situation seemed taxed for a time. Wages and prices rose rapidly during the War and the period of inflation which followed, thus necessitating an almost entirely different method of settling wage rates. The period was opened by a new ministry due to the death of Prim Minister Seddon in 1906. The Reform party succeeded the Liberal Party in 1911 in taking over the reins of the government.

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52. H. D. Lloyd, The Country Without Strikes, New York, 1900.

Reasons for the Strikes. It was pointed out in the previous chapter that dissatisfaction appeared among the workers prior to 1906 and the discontent finally found expression in strikes. This change of attitude, it has been stated was due to the Court becoming more conservative and refusing to grant to the workers the concessions they regarded themselves justified in receiving.

One observer claims it was due to the third member of the Court always voting on the side of labor and thus raising wages and lessening hours.[53] This he claimed was the policy of the government until the powerful "King Dick" Sedden, the Prime Minister died in 1906. He was a former miner and stood sturdily on labor's side. After his death new influences came into power and the employers were then able to explain to the satisfaction of the Court that manufacturing in New Zealand could stand no more wage increases. Undoubtedly, the policy of the Government exerts an influence upon public confidence which can not be ignored.

Probably because of the Court's early lieniency the workers expected too much from the system. This seems to be the explanation of a member of the New Zealand Office of Statistics.[54] He advances the explanation that during the first years, the Court did much to lessen working hours, raise wages, grant preference to unionists, and award a multitude of benefits. But he further observes "that no system of compulsory arbitration could move the whole scheme of economics and social structure unless and until its investigations and jurisdiction governed the whole field of production and distribution."

Again it has been indicated that the return of strikes may have been due to the state of unpreparedness for strike breaking on the part of the manufacturers and that the unions took advantage of that situation,

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53. C. E. Russell, Reconstruction, April, 1920, page 186.

54. G. W. Clinkard, Official Year Book, 1919, page 916.

In 1919 the National Industrial Conference Board advanced the reason for the outbreak of strikes as being the result of a change in the Arbitration system.[55] In the chapter on the description of the law, it was pointed out that from 1901 to 1908 disputes could be taken directly to the Court without prior reference to conciliatinn. This, it is asserted, operated to the disadvantage of the workers who felt less at ease to state their claims before the Court. The following table is exhibited by the Board to substantiate its contention.[56]

Table 3: Number and Percentage of Disputes settled by Conciliation and Arbitration, Respectively, 1894-1901, 1902 - 1908, 1909 - 1918.

Period	NUMBER		PERCENTAGE	
	Conciliation	Arbitration	Conciliation	Arbitration
Total	868	878	49.7	50.3
1894 - 1901	51	100	33.8	66.2
1902 - 1908	22	372	5.6	94.4
1909 - 1919	795	406	66.2	33.8

The argument follows that while only one-third of the cases ended finally with the Boards of Conciliation prior to 1901, yet they performed a useful service in sifting out the cases and while two-thirds went to the Court, the latter could proceed with points still at variance and thus gain time. The National Industrial Conference Board thus shows in the above table that from 1902 to 1909 the Boards of Conciliation atrophied and as a consequence the functions of the System showed in pace. Also that when in 1909 Conciliation was again made the first step in the process, conciliation was regarded as a necessary adjunct of the system. However, this does not seem to have restored the system in the favor of workers because the strikes continued to increase.[57]

55. Research Report No. 23, pages 22-31
56. Ibid, page 28.
57. Official Year book, 1921, page 524.

The Slaughtermen's Strike in 1907. This strike ushered in the period of strikes as it was the first to occur after a twelve year's truce. The slaughtermen who are engaged in a seasonal occupation desired increased wages. Instead of applying to the Court directly as they might have done, they struck when the employers refused the demands. The season was at its height and the employers were thus forced to yield in order to avoid heavy losses. The excuse of the strikers was that too much delay would have resulted in applying to the Court which could not have heard the case before six months. By that time the season's work would have been finished and the men scattered to their homes in New Zealand and in Australia.

Some of the strikers were fined but the collection of the fines proved a difficult task for the Court whose dignity and authority was for the first time seriously challenged. Even as late as 1909, sixty-seven slaughtermen owing £286 ($1430) could not be located.[58]

The Great Upheaval of 1913. The system received a serious jolt when in 1913 a strike broke out among the Waihi coal miners and the disturbance spread to other industries until the number of disputes rose to 73 involving 13,400 workers and 162 firms. 39 of these strikes were sympathetic in nature and involved 9,925 workers. Over 6,000 of these workers lost from two to four weeks of work.[59] This was the most serious outbreak that New Zealand has witnessed since 1890. It seems to have been due to the radical elements who at the time had control of the unions.

Attitude toward the System. In order to evaluate upon the future expediency of the system the attitude of the various elements in New Zealand society can not be ignored. It is difficult to estimate the attitude in times of transition of economic changes. The public as such seems to support the system because numerous changes have been made to increase the effectiveness of the system. The Amendments of 1918 and 1920, previously described, vouch to

58. Annual Report of Minister of Labor, March 31, 1909, page 25.
59. Yearbook 1921, pages 524-525.

that effect.

Sir John Findley, the former Attorney General, observes[60] that of recent years the system has declined more and more in favor with the industrial class, while the employers have shown an ever-increasing desire to invoke it and rely upon it. This change he explains on a broad general ground, along the same line previously explained. "In the earlier years of its operation," he asserts, "the Court was able to award increasing wages, shorter hours, and improved conditions of labor without imperilling the existing industrial system, but repeated reviews of awards, repeated increase of benefits to the trade unions making application to the Court, in time brought conditions of employment that, without a genuine menace to the industrial system itself, could scarcely be further improved by the Court. This marked the turning point in different directions of the disfavor and popularity of the legislation."[61]

To say that a complete reversal of attitude has taken place in recent years of the two parties in disputes is probably a fallacy. Some there are of the employers who seemed fearful that if the Court acts conservatively during a condition of rising prices it may act that way when prices fall and then the shoe would pinch the wrong foot. This is precisely what happened when prices fell after 1921 and for a time the Court stabilized wages without reductions much to the disgust of some of the employers. It might also be observed that the bulk of the trade unions are mildly supporting the system or at least being tolerant of it. But there is a minority among the trade unions that is out and out militant. Professor Condliffe observes that the main militant unions had in 1919 the following membership: Miners, 2,356; Seamen, 3,504; Watersiders, 6,673, and freezing

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60. "Industrial Peace in New Zealand;" International Labor Review, October, 1921, pages 32-46.
61. Ibid, page 35.

works employees, 6,541.[62] These are the leading members of the Alliance of Labor and have for years been hostile to the Court. "At present all the militant unions are registered; but they defy the Court in every way possible and some never appear before it."[63]

From these militant unions who are vaguely syndicalist in their theory have come most of the strikes of recent years, including the big Waihi Miners Strike of 1912 and Watersides Workers Strike of 1913 and the various war time and irrigation strikes of the miners.[64]

Table 4. Industrial Disputes and Numbers of Workers involved Classified According to Industrial Groups from 1906 to 1922 (March 31st)[65]

Industry	Number of Strikes	Per Cent of Total Strikes	Number of workers involved	Per cent of Total Workers
Food and Drink, etc.	71	15	4,843	8
Mining	172	37	30,998	55
Shipping and Cargo Working	109	22	11,466	19
All other Industries.	117	26	10,326	18
Total	469		57,633	

The foregoing table will show that the greatest number of strikes in any one industry occurred in the ranks of the miners. In 1920, this is especially noticeable, 30 disputes out of a total of 75 for the year occurred in that industry. On the whole it will be seen that 74 per cent of the strikes and 82 per cent of the workers involved over this period to 1923 have occurred in three industries which in 1919 comprised about 18,000 unionists out of a total of 82,553 registered.unions for the whole of New Zealand on March 31,1919.[66]

62. "Wage Arbitration in New Zealand under Falling Prices," Economic Journal, London, December, 1921, page 549.
63. Ibid, page 548.
64. Year Book, 1922, page 531.
65. Adapted from Yearbook, 1923, page 613.
66. Year Book, 1920, page 296.

This is indeed a very significant bit of evidence to show the guilt of the transgressor. The remaining workers are more peaceful in disposition or at least appear fairly well satisfied with the system.

So it can only be said that in the ranks of the employers and employees, the system finds its sanction and goodwill. The rural workers as a whole do not come within the purview of the Court since only a few unions have been formed by them and hence they have little opportunity to register opinion except at the polls. The main industry is pastoral farming, a great part of which is in the hands of medium-scale working farmers who depend upon their own labor and that of their families. A dispute was brought in 1915 to the Court by the Farm Laborers' Union, but the Court refused an award.[67]

Trade Unionism in New Zealand. On aim stated in the original preamble of the Act of 1894 was to encourage the organization of industrial unions. This seems to have been fairly attained as is shown in Table 5 where it will be noticed that membership in industrial unions of employees registered under the Act is almost equal to the number of employees engaged in factories. How the ranks of the unions of employers and employees are recruited from many industries and not from factory establishments alone. The table merely goes to show that the industries are not so highly organized as might be expected.

Table 5: Number and Membership of Employers' and Employees' Unions and the Factory Population for years Indicated.[68]

Year	Employers		Employees		Factory
	Unions	Members	Unions	Members	Employees
1899	8	566	124	14,822	45,305
1903	103	3,080	258	27,640	59,047
1908	122	3,918	325	49,347	78,625
1913	134	4,700	372	71,544	84,214
1918	147	5,346	370	71,447	79,653
1923	141	5,336	418	97,719	96,980

67. Awards of Arbitration Court, Vol. IX, p. 517

68. Annual Reports of Department of Labor.

The Act therefore built up the numerical strength of the weakened unions and, for a time at least, increased their bargaining power. The much discussed "preference to unionists" gave the organizing union secretaries a further effective weapon to compel the faint-hearted, but it is a moot point whether the fighting strength of the unions has not as a matter of fact been decreased rather than increased. Ardent unionists complain that the paid secretaries become mere advocates skilled in the compromising methods of the Court, and lost to the cause of militant unionism.

The industrial unionists who stand for syndicalist theories or organization maintain that their work is crabbed and thwarted by the continued existence of large numbers of small, draft, sectional unions that shelter under the Court. The unions who join from necessity rather than from choice are, it is argued, a drag upon rather than a help to their fellows. Trade unionism in New Zealand is, as a whole, neither strong nor aggressive, and there is much truth in the statement so often made that arbitration has "taken the steel out of the unions."[69]

However there are several unions by virtue of their position which can make their strength a potent factor in disputes. There have been discussed before and need no elaboration here but what is in point here is the tracing of the organization of the Dominion wide unions. The revolt of the militant trade unions from the Court was signalized by a series of strikes beginning in 1907 and culminating in the bitter and prolonged waterside workers' strike of 1913. The chief development, by the way, was the definite formation of a militant organization of which the miners were the nucleus. After a strike of miners at Blackball early in 1908, a Federation of Labor was formed which was afterwards styled the Miners' Federation, but was expanded into a real Federation by the adherence of other aggressive unions. Under the aegis of this

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69. Professor J. B. Condliffe, Canterbury College, "Experiments in State Control in New Zealand," International Labor Review, March 1924, page 337.

Federation was fought the Waihi Miners' Strike of 1912 and the Dominion wide strike of Watersiders in the following years. In both cases the victory lay with the employers and the Government.[70]

The leadership of the new unionism that developed during thie period was in the hands of men with vague syndicalist ideas, mainly borrowed from the American organization, the Industrial Workers of the World. The Federation of Labor, in fact, adopted the wording of the preamble to the Constitution of the Industrial Workers of the World: "The working class and the employing class have nothing in common. There can be no place as long as hunger and want are found among the millions of the working people...." etc.[71]

After the 1913 strike and upheaval a Unity Conference was able to devise a formula under which both the left and right sections of the trade unions were able to combine in a United Federation of Labor; but as an effective fighting force this Federation never counted for a great deal and it died quietly a few years after its birth, its place being taken by the Alliance of Labor, a purely industrial body which will affiliate only those unions which are already organized on a national industrial basis and are willing to adopt the Alliance scheme for an Industrial Parliament. The Secretary of the Alliance in expressing his attitude toward the arbitration system declared that "the whole caboose should be knocked on the head."[72]

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70. Op. cit., page 338.

71. Ibid, page 338.

72. Ibid, page 337.

CHAPTER VII.

WAGE POLICY OF THE COURT.

Methods followed by the Court prior to 1918. After passage of the War Legislation Act of 1918 a different policy was followed, and, hence, there is warrant for separate treatment. No subject with which the Boards or Councils of Conciliation or the Court of Arbitration has had to deal with is so important as that of wages. Nothing is so likely to cause a strike or a lockout as a disagreement between employees and their employer over the wages which are to be paid and the mode and time of payment. Hence the judicial regulation of wages has come to be the most important feature of the compulsory arbitration system.

If wages are to be regulated by the courts it is a matter of fundamental importance to know what principle or theory of wages was adopted by the judges who make the regulations. The original act was silent in regard to the principle of wage payment and could afford no guidance in this matter to either the Boards or the Court. Wages are merely mentioned in Section 2 as one of the "industrial matters" which might be made a subject of an industrial agreement or an award.

When an industrial dispute is heard by a Board or Council of Conciliation, there is no need of a statement of the principle on which wages are to be fixed. The Conciliation method is by its very nature a give and take method. A set principle would defeat its very purpose; hence the Conciliation Councils in New Zealand adjusted or attempted to adjust wages by having both sides present arguments for or against an increase of wages as are likely, under the circumstances, to carry weight with their opponents.

The Court of Arbitration, on the other hand, finds the need of some guiding principle when it faces the task of fixing the rate of wages in an industry or occupation in such a way as to avoid the necessity of

a strike. In the published awards of the Court we find little discussion of the basic principles of the Award. Pioneers in a new field of industrial regulation, the New Zealand judges have proceeded with caution and, mindful of the effects which their awards would have upon the conduct of industry, have hesitated to announce the adoption of a principle of wage payment which later experience would prove unwise or impracticable. For this reason it is pertinent to consider the practices of the judges in the light of their awards.

Bases of the Awards before 1918. - In the very first cases heard by the Court no statement was made as to the principle which was being followed, but the Court limited itself to the establishment of a minimum wage for workers in the industry as a whole or, more likely, a minimum which varied according to the occupation or the nature of the work to be performed. This practice received legislative approval in 1898, when by an amendment to the Arbitration Act, Parliament authorized the Court to "prescribe a minimum rate of wages or other remuneration, with special provisions for a lower rate being fixed in the case of any worker who is unable to earn the prescribed minimum."

The practice of the Court in establishing this minimum wage does not appear to have been uniform in the early cases decided. Mr. Broadhead says: "Some of the questions put by the members of the Court to witnesses would appear to show that the minimum wage is sometimes at any rate, fixed according to what is reckoned as the average wage ruling in the trade."[73] In the case of the Canterbury bootmakers, heard and decided in 1896, the Court accepted a schedule of wages and piece rates contained in a tentative industrial agreement drawn up by the employers and employees. Since then the Court has itself prescribed the minimum wage paid, although in those cases where an elaborate schedule of piece rates had to be prepared, it

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73: Broadhead, State Regulation of Labour in New Zealand, Christ-Church, 1908 p. 57.

has usually asked the assistance of a committee of employers and employees in the trade.[74]

Conditions in the Industry. In the absence of any clear enunciation of the principle which guided the Court it may be said "that for several years the Court was chiefly concerned with the problem of preserving the existing industrial conditions in the Colony and was unwilling to allow such changes in wage rates as would tend to embarrass employers in the conduct of their businesses."[75] This was practically so stated by Mr. Justice Williams, the first President of the Arbitration Court, who wrote to the London Times, as follows: "The duty of the Court is to pronounce such an award as will enable the particular trade to be carried on, and not to impose such conditions as would make it better for the employer to close his works or for the workmen to cease working, than to conform to them."[76]

In a gold mining case in 1896, the Court also looked into the conditions in the industry and allowed a reduction of wages.[77] Of a similar tenor was the decision of the Court in an important case heard in 1901, which affected the entire Thames gold-mining district. Mr. Justice Cooper, the President of the Court said in the decision: "We are satisfied that the gold-mining industry in this industrial district is..... in a languishing and depressed condition. The Court is not, in our opinion, justified in so increasing the rate of wages as to destroy, or in a great measure cripple, an industry upon which so many workers now depend for their livelihood and in which so many individuals have invested their money."[78]

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74. Clark, "Labor Conditions in New Zealand," Bulletin of U. S. Bureau of Labor, No. 49 (November, 1903) Vol. viii, p. 1205.
75. Hammond, "Regulation of Wages in New Zealand," Quarterly Journal of Economics, London, (May, 1917), page 409.
76. Quoted by Broadhead, op. cit., page 57.
77. Awards of the Court, vol. 1, p. 176
78. Awards, etc. vol. iii. p. 24.

Mr. Justice Cooper, the judge who made most use of the prosperity-of-the-industry argument added color to the belief of the workers that increased profits in an industry should be the basis for increased wages. During the hearing of the Tanners' and Fellmongers' dispute at Christ Church in 1901, he said to the employers: "It is quite clear that a good deal of the information upon which the union must necessarily rely to base a claim for higher wages is in possession of the other side, and that is the profits you are making on your business."[79] Books were called for but there is no evidence that they were inspected.

However, in the Thames mining case already referred to, the Court held an increase of wages on the basis of large profits being obtained by some companies while the great majority of the mines are not obtaining payable returns is insufficient for an increase.[80]

In 1906, with Mr. Justice Chapman on the bench, when the case of the Dunedin seamen was heard much emphasis was placed by the employers on the prosperity of the Union Company. The decision was that: "The majority of the Court do not think that any substantially different circumstances are shown to have arisen since the last award, justifying an increase of wages. Evidence was given as to the prosperity of the Union Steamship Company, the chief employer in the Colony. Such evidence is usually admitted by the Court as part of the general inquiry, but the Court does not settle the wages on a profit-sharing basis, as that might, in many industries, involve the necessity of fixing a differential rate as between employers, and would certainly lead to confusion.[81]

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79. Broadhead, op. cit., p. 58.
80. Awards, Vol. iii, p. 25.
81. Awards, Vol.vii, p. 60.

A perusal of the above quotations may lead to the conclusion that increases were generally refused, but that is erroneous. The general tendency as stated in earlier chapters was to advance wages. Mr. Ernest Aves, reviewing the operations of the Act for the first twelve years of its history, in his report to the British government, gives a list of sixty-four cases in which more than one award had been made in the same trade and in which increased wages or shorter hours (generally) were allowed. On the other hand, there were only forty-nine cases in which more than one award had been made and in which wages and hours had been left unaltered.[82]

Although the advances made by the Court in some cases where an increase of wages was allowed were generally not considerable, yet the workers were not turned away empty-handed. The minimum set by the Court seems to have been in some cases more than that received by some of the workers in those trades. The early decisions of the Court granting increases in wages seldom state the reasons which impelled the Court in allowing advances, while the period was one of slowly rising prices, it soon became evident to the workers that arguments based on the increased cost of living were most likely to carry weight with the Court. However, the Court has never directly declared it to be its intention to measure the wages by the Cost of living of the workers.

The principle which governed the Court, says Dr. Clark, was "to include in the award such terms as would probably have been included in a collective bargain between the parties thereto in case they had come to an extra-judicial agreement." Such a wage was fixed as would be, in the opinion of the Court, "a fair wage, or a ruling wage in the locality in which the decision applies."[83]

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82. Report to the Secretary of State for the Home Department on the Wages Boards and Industrial Conciliation and Arbitration Acts of Australia and New Zealand, London, 1908, pp 94-98.
83. Clark, op. cit., p. 1205.

In subsequent awards, the Court has always kept an eye on the conditions of the industry and has not driven capital out of the country.

Cost of Living. As time went on, several considerations led the Court to place more emphasis upon the cost of living as a standard by which to measure changes in the minimum wage established by the Court. Professor Hammond gives three reasons, first, for the unskilled and the women workers it seemed to be the duty of the Court to see that the minimum wage established by the Court was high enough to enable the worker to maintain a decent standard of living; second, the Court threw upon the workers the burden of showing that an increase was necessary, especially in the case of second and subsequent awards made to the same group of workers and that it was natural for this group of workers in a period of rising prices to plead as the reason, an advance in house rents and in commodity prices; and third, attention was called to the fact that the Australian judges used the cost of living as the basis for a minimum wage.

In the Auckland Carters' Case of 1902, Mr. Justice Cooper said: "In fixing the minimum wage, we have had regard to the cost of living in Auckland, the nature of the work to be performed for the wages fixed, and the rates already fixed in other centers."[84] In 1905, Mr. Justice Chapman, in hearing the dispute brought by the miners of the Westland district said that not sufficient evidence as to the cost of living had been submitted to warrant an increase of wages.[85] Often the evidence of the workers was matched by the employers by showing cases where reductions in rent and prices had taken place. This seems to be a reason why so little stress was placed on this argument at first by the Court.

Mr. Justice Sim, who was President of the Court from 1907 to 1913 made greater use of the cost of living as a basis for determining the minimum

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84. Awards, vol. iii. p. 82.
85. Awards, vol. vi. p. 33.

wage than any of his predecessors. Professor Hammond advances two reasons for this condition. First, in the first ten or twelve years, wages were moved up as far as conditions within the industry permitted and then further increases in wages were only made when sufficient evidence showed that changes in the cost of living threatened to reduce the standard of living of the workers; and second, Mr. Justice Sim, in a conversation with Professor Hammond in 1911, admitted that he followed Mr. Justice Higgins' ideas in connection with the Australian Cases.[86]

Prior to 1912, the decisions of the Court and statements made by the members of the Court show that no attempt was made to determine what was the cost of living in New Zealand. A great deal of flexibility was the result. The underlying principle of the minimum wage as it was fixed by the New Zealand Court prior to 1912 was that of a living wage to the unskilled worker.[87]

By the beginning of the year 1912, the members of the Court of Arbitration granted slight additions to the wage of the laborers. Whether the Court reached this conclusion on the basis of evidence furnished by the workers or felt that general information concerning the upward tendency of prices was sufficient to warrant these increases of wages, is not ascertainable from the published awards. A commission on the cost of living in New Zealand was appointed this year by sanction of Parliament and made its report on August 30th, 1912; but the tendency on the part of the Court to allow increases of wages had already begun before the Commission made its report. Professor Hammond[88] shows in the Quarterly Journal of Conomics by the awards of the Court that wages there increased on the basis of higher rents and food prices among the building trades in Wellington, Auckland and elsewhere; also increases were made to butchers, drivers and

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86. Hammond, op. cit., page 421
87. Ibid, pages 422-426. Prof. Hammond based his conclusion on statements and awards made by Justice Sim.
88. Op. cit., pages 429-430.

some unskilled laborers. On the other hand, the plasterers were denied their request for an increase of wages on the usual ground - that the union had "failed to advance any valid reason" why an increase should be made.[89]

In November, 1912, the Court in the Grisborne Freezing Works Case, reduced the wages because it held that the year previous the minimum for unskilled labor set at 1S. 3d. (31 cents) per hour in the agreement had been entered into by force due to strikes and did not represent the normal demand for labor. It therefor set the minimum for unskilled labor at 1S. 1½d. (28 cents) and for skilled 3d. (6 cents) higher.[90]

The upward tendency of wages continued throughout the year 1913 and is evident in the awards made to general laborers in many industries.[91] Mr. Justice Sim retired as President of the Court at the end of 1913 and during his tenure it seems the tendency was to make advances in wages only where the workers could produce the necessary evidence. To what e tent that the Court used the report of the Commission on cost of living does not appear. The McIlraith index numbers used as the basis for the report show that as an average for the four leading cities, taken together, were 984 for 1911, 1013 for 1912, 1037 for 1913, and 1079 for 1914.[92]

Mr. Justice Stringer became President of the Court in 1913. No immediate change of policy of the Court as regards the minimum wage was noticeable. In 1914 the Court set the minimum rate for skilled at 1s. 4½d (34 cents) an hour for several industries and adhered to that figure throughout 1915 in many awards.[93] For unskilled labor the Court maintained 1S. 1½d (28 cents) which was the same as for 1913, made under Mr. Justice Sim's Presidency. In some of the awards from 1915 to 1917 the Court, while refusing to raise

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89. Awards, vol. viii, p. 706.
90. Ibid, pp. 903-04.
91. Awards, vol. xiv. pp. 634,641,691-92,799,814,818,824,856,900.
92. Yearbook, 1915, pp 780-81
93. Awards, vol xv. pp 508-09; 510; vol. xvi, pp 228,259,307,312,322,166, 289,338,419,531,670,717.

the minimum wage for skilled laborers, because of industrial conditions due to the war, had felt itself under the necessity to grant some increases lowest-paid laborers.[94] So up to 1918, the Court seems to have made its awards on several bases. First, the desire and intentions of the Court to secure a living wage to all able-bodied workers, and they used the cost of living principle after 1907. Secondly, the desire to make a workable award, that is, to grant as much as possible to the workers without giving them more than the industry can stand, but refused to fix wages on a profit-sharing basis. Thirdly, what the industries in the other districts paid. Fourthly, no reduction in time of depression. Fifthly, split the difference as the workers ask for a living wage and as much more as they can get. Other influences might be mentioned, such as, the skill with which a case is presented. The bases for the awards after 1918 must be treated separately.

Trend of Nominal and Real Wages. If it be conceded as an established fact that within recent years cost of living has been the factor having most influence with the Court in the determination of the minimum wage, it is important to ascertain how closely the wages awarded by the Court have followed the changes in prices of those commodities most generally purchased by the laborers.

The first careful and comprehensive study of changes in the cost of living in New Zealand was that completed and published in 1911 by Dr. James W. McIlraith, at that time connected with Canterbury College in Christ Church.[95] Using the average wholesale prices of forty-five commodities for the decade 1890-1899 as a basis, Dr. McIlraith constructed index numbers which showed that prices in New Zealand, which in 1894, the year the Conciliation and Arbitration Act was enacted, were represented by the index number 98, were in 1910 represented by the number 103, a rise of only five points or about 5%.

94. Hammond, op. cit., pp 441-443.
95. McIlraith, The Course of Prices in New Zealand, Wellington, 1911.

The New Zealand Government made a partial study in 1907, when Mr. von Dadelszen, the Registrar General made a comparison of the changes in wages and of changes in the prices of food since 1895 and 1907.

Table 6: Index Numbers of Wages and Prices of Food from 1895 to 1907.[96]

Base: year 1906 = 100.

Year	Wages	Prices of Food
1895	84.8	84.3
1896	84.3	86.1
1897	84.6	86.1
1898	88.7	87.4
1899	88.0	83.6
1900	90.4	86.0
1901	89.7	89.6
1902	93.4	105.6
1903	96.5	100.5
1904	98.6	98.5
1905	98.0	102.0
1906	100.0	100.0
1907	104.9	103.3

Except for a general upward tendency on the part of both wages and prices, it cannot be said that these figures indicate that any close relationship existed between wages and prices in New Zealand during these years. The fluctuations in one column seem to be independent of the fluctuations in the other. The wage statistics from which the above index numbers were calculated included the wages of agricultural and pastoral laborers and domestic servants, practically none of whom was

96. Year-Book, 1908, p. 539.

covered by the court awards. Some slight effect of the awards may, perhaps, be seen in the fact that wages in manufacturing occupations increased 19% between 1895 and 1905, whereas wages in general increased only 15.5% during these years.[97]

The Commission, mentioned before, appointed to investigate and report on the cost of living in New Zealand in 1912 took the McIlraith figures as its starting point but supplemented this study with information gained from other sources. It represented the first extended study of the cost of living made by the Government prior to 1912. The index of wholesale prices of foodstuffs, as reported by the Commission, showed "a rise of 20% between the triennial period 1894-96 and the year 1911", with the rise more marked after 1901 than before.[98]

Early in 1914, the New Zealand Government Statistician (Mr. Malcolm Fraser) began the systematic collection of retail price statistics of foodstuffs and also the statistics of house rents in the four leading cities of New Zealand (Auckland, Wellington, Christchurch, and Dunedin). Index numbers, weighted according to total consumption and based on the average annual expenditures in the four chief cities, were prepared. The average for the five-year period 1909-13 was taken as the base, which was expressed as 1,000. Prices were collected for every year as far back as 1891, except at Christchurch where no grocery figures were available previous to 1899. Separate indices were prepared for each of the three food groups, groceries, meats and dairy produce, and also for house rent, and an index number for all groups combined was also prepared. For the food groups no perceptible and steady rise in the prices is to be noted until the year 1905; since then a general upward tendency is noticeable. The rise in house rents is noticeable throughout the whole period.

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97. Year-book, 1908, page 540.
98. Report of Commission on Cost of Living in New Zealand, Wellington, 1912, p. xcix.

Taking the index numbers for the combined groups and for all four cities, we find a rise from 879 in 1899 to 1079 in 1914, equivalent to 23.4%.[99] By continued collection of the retail prices, the index for 1918 was found to be 1486, a very sharp increase having taken place.[100] No corresponding index number for wages had been prepared and it is impossible to make an accurate and scientific comparison of the movements of prices and wages in New Zealand after 1907 on Government research but it had been observed that wages advanced about as rapidly as did the prices of food prior to 1907.

The only extensive and elaborate analysis of the minimum wage in the awards as measured in retail food prices and house rents was made by G. W. Clinkard.[101] His work was based upon the rates of wages set by the Court in 600 awards or renewals for 26 occupations in the four largest cities over the period of 1901 to 1919. The retail food prices in the table below cover foods and groceries and are those published by the census and statistics office. The effective wages are the minimum-wage rates measured in the food-prices. The table gives the movements of all three series of index numbers in a triennial period in order to eliminate temporary fluctuations.

Table 7: Index Numbers Based upon the Triennial Moving Averages for the Period 1901-1919. Base: Year 1911 = 1000.

Year	Retail Food-Prices	Minimum Wage Rates	Real Wages as measured in Food Prices.
1902	959	945	985
1903	961	953	992
1904	973	953	979
1905	993	955	962
1906	1012	959	948
1907	1014	969	956
1908	1003	981	978
1909	1003	991	988
1910	999	996	997
1911	1014	1001	987
1912	1030	1014	984
1913	1064	1043	980

Table 7 continued.

Year	Retail Food Prices	Minimum Wage Rates	Real Wages as Measured in Food Prices
1914	1125	1072	953
1915	1203	1111	924
1916	1297	1149	886
1917	1396	1203	862
1918	1478	1292	874

Between 1901 and 1919 food prices increased by approximately 63%, minimum wage rates increased by over 52% and "effective" wages (as calculated upon minimum-wage rates and food-prices) decreased by approximately 6.5%.[102]

So far as the war period (1914-1919) is concerned, food prices show an advance of 39.47%, minimum wages an increase of 30.45%, and effective wages a fall of 6.39%. These figures amply illustrate the truth of the statement that, in a period of rising prices, wages tend to lag behind prices, and the wage-earning section of the community suffers accordingly.

The curves on Exhibit "D" shows a point worthy of notice that effective wages reached their highest level in the period 1909-11. Prior to that time the increase in wages was sufficient to keep pace with the upward movement of prices, but in later years the speed with which prices have advanced has been such as to outstrip the movement in wage-rates. The very substantial increase in wages which took place between 1918 and 1919, however, went some distance towards reinstating effective wages in their pre-war position, the effective - wage index numbers having increased by nearly 100 points during 1919. If the study were extended after 1919 it is probable that the substantial wage-increases which were being granted by the Court to 1923 would carry the effective wages to a relatively higher level.

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99. Journal of the Department of Labor, June, 1916, p. 492.
100. Year-Book, 1919, page 793.
101. Year-Book, 1919: Wages and Working Hours in New Zealand, G. M. Clinkard, pp.860-935.
102. Ibid, p. 908.

EXHIBIT "D"

GRAPHIC-DIAGRAM-OF-TABLES 7-AND-8.

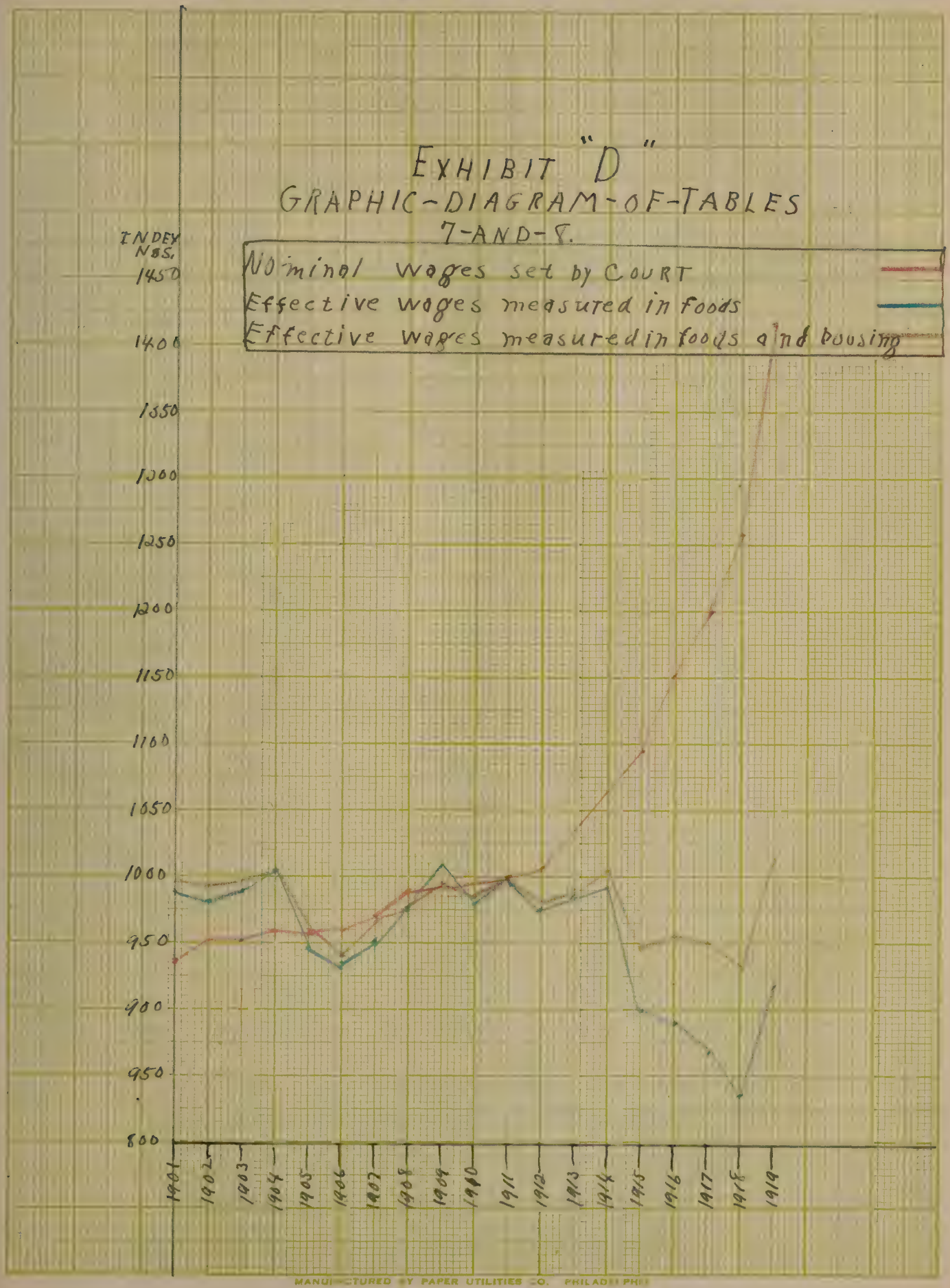


Table 8 and Exhibit D indicate the course of retail food-prices and rent combined, the minimum-wage rates, and the real wages as based upon minimum wages as measured in prices of foods and housing.

Table 8: Triennial Index Numbers for the Period 1901-1919.[103]

Base: Year 1911= 1000.

Year	Food-prices and Rents	Minimum-Wage Rates	Real Wages as Measured in Prices of Food and Housing
1902	948	945	997
1903	955	953	998
1904	968	953	985
1905	989	955	966
1906	1005	959	954
1907	1009	969	960
1908	1001	981	980
1909	1003	991	988
1910	1000	996	996
1911	1011	1001	990
1912	1026	1014	988
1913	1053	1043	991
1914	1096	1072	978
1915	1146	1111	969
1916	1206	1149	953
1917	1272	1203	946
1918	1334	1292	969

The curves and index numbers for food-prices and rents are comparatively steady, and accordingly the effective wage indices in the above table and the curve in Exhibit "D" show less fluctuation than was recorded when food-prices only were made the standard of measurement.

103. YearBook, 1919 p. 909.

In the figures given in the above table, food and housing prices have advanced by 48.39% since 1901, while minimum-wage rates have risen by 52.04% and effective wages have increased by 2.5%. As between 1914 and 1919 increases have been - Food and housing prices, 27.98%; minimum wages. 30.45%; effective wages 2.1%.[104]

To sum up, actual wages and food prices have risen steadily from 1894 to 1907 while the minimum rates set by the Court have lagged behind prices to a slight extent from 1901 to 1919.

The minimum and Standard Wages. Another way of looking at the effect of the Courts' minimum-wage rates is to ascertain the relation these rates bear to those actually paid in the industries and how close Court wages come to the average paid in the trades. The first attempt made to determine this relation was made in 1909 by the Department of Labor. The table below shows the number of employees in all trades of the leading four centers of the Dominion. No under-rate workers or younger persons are included.

Table 9: Shows Numbers of Employees receiving Minimum-Wage and Number and Percentage receiving Wages in Excess of the Minimum.[105]

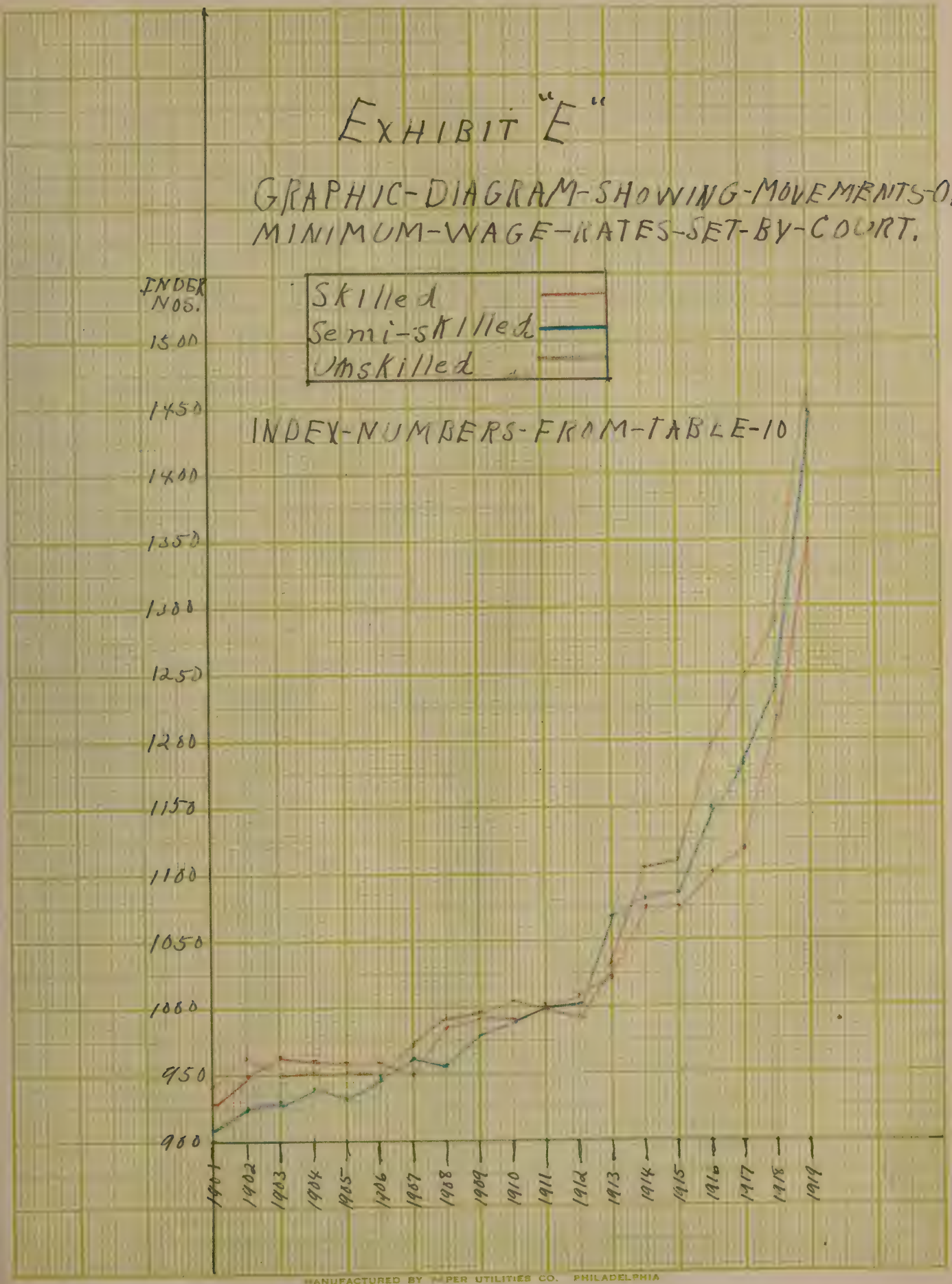
Cities	Total Number of Employees Investigated	Number Receiving Minimum Wage	Number Receiving Excess	Percentage Receiving Excess
Auckland	2,451	949	1,502	61.25
Wellington	2,062	875	1,187	57.5
ChristChurch	2,999	1,586	1,413	47
Dunedin	1,592	847	745	46.8

The Minister concluded: "However, there is sufficient evidence to show that in our manufacturing industries at least an average of 50% of the workers compared received more than the rate granted in the awards of the Court of Arbitration."[106] In 1910, the Minister altered the figures for the percentage

103. Year Book, 1919 p. 910.
104. Annual Report of Minister of Labor, 1909, page 140.
105. Ibid, p. 143.

EXHIBIT "E"

GRAPHIC-DIAGRAM-SHOWING-MOVEMENTS-OF MINIMUM-WAGE-RATES-SET-BY-COURT.



receiving in excess of the minimum in the above mentioned cities to 63, 64, 63, and 56.5% respectively. Out of 7374 workers compared in 1910, 2785 received the minimum wage, 4589 received wages in excess of the prescribed minimum or 62% on the average.[106]

Those figures would indicate that the minimum has not become the maximum nor the standard wage in those industrial centers where most of the Court's awards are in force. However, it is not indicated whether there resulted a leveling down of wages in the skilled trades in order to pay the minimum to the unskilled.

Mr. Clinkard, in his work previously noted presents the following table illustrating the trend of wages expressed in the weighted index numbers for the three groups for the years 1901 to 1919.[107]

Table 10: Index Numbers for Skilled, Semi-Skilled and Unskilled Workers for 1901 to 1919. Base: Year 1911 = 1000.

Year	Skilled	Semi-Skilled	Unskilled
1901	929	915	940
1902	949	927	965
1903	964	935	952
1904	965	942	954
1905	964	939	955
1906	963	949	958
1907	963	964	969
1908	988	965	962
1909	992	982	996
1910	992	991	1001
1911	1000	1000	1000
1912	1009	1006	1004
1913	1024	1067	1025
1914	1073	1078	1102
1915	1073	1086	1113
1916	1095	1147	1193
1917	1124	1188	1250
1918	1208	1247	1297
1919	1352	1439	1451

106. Annual Report of Minister of Labor, 1910,,page 11.
107. Op. cit. page 896.

In this connection, Mr. Clinkard remarks: "The percentage increase in each of the three between 1903 and 1919 has been as follows: Skilled, 40.25% semi-skilled, 53.90%; unskilled, 52.42%. These figures indicate that the wages of skilled workmen have not increased proportionately to the same extent as have the wages of the partially skilled and unskilled workers."[108] Exhibit E. depicts the index numbers in graphic form.

Apparently the indices show a tendency towards the destruction of the relative superiority of the position of the skilled workers. This may be due to the fact that New Zealand is essentially a country dependent upon its primary production and since there are no large secondary industries, the bulk of the employers, apart from the agricultural and pastoral laborers, are to a considerable extent engaged in the work of transport and retail distribution and while the unskilled workers represent a particularly large portion of the industrial community. Consequently the growth of unionism under the Arbitration Act has given the unskilled a greater bargaining power.

Wage Policy of the Court after 1918. To complete the study of wages, attention must be given to the method of fixing wages after 1918 when, as was explained in Chapter 4, the Court was given the power of amending its decisions at any time during the currency of the awards. Previously, when an award was made, it remained in force until it expired at a time not to exceed three years.

There was a sharp rise in prices after 1918 due to war inflation and the gap between nominal and Court wages became too obvious. The inflation made the cost of living problem more acute. The Court then followed the policy of setting a basic rate for all the industries alike and on that basis granted bonuses or reduction of bonuses every six months to compensate for the change in the cost of living of the period previous.

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108. Op. cit. page 896.

Basis for the Minimum-Wage. Due to the absence of any elaborate research as to the basis for computing the cost of living the Court accepted the work of the Labor Department in 1910 when an investigation into the household budgets revealed that the average expenditure upon different items of consumption was in the proportion set forth in the table below.

Table 11: Weights of Items in Household Budget. 1910.[109]

Items	Per Cent
Food	34.13
Housing	20.31
Fuel and Light	5.22
Clothing	13.89
Miscellaneous	26.45
	100.00

For the first three groups the Court used the index numbers of retail prices prepared by the Government Statistician and published monthly in the Abstract of Statistics. For the remaining groups the Court devised its own indices and combined them with the government figures in accordance with the weights given in the above table.

Basic Rates and Bonuses. How the Court has fared in this venture can best he illustrated by considering the procedure. The Court made its first pronouncement on April 19th, 1919, when it set the minimum wage rates for all industries as follows:[110]

Skilled workers 1S. 7½d. (.39) per hour.

Semi-skilled workers 1S. 4½D. - 1S. 6d. (.33 to .36) per hour.

Unskilled workers 1S. 3½d. (.31) per hour.

109. "Inquiry into the Cost of Living in New Zealand, Wellington, Government Printer, 1911, page 38.
110. Year-Book, 1920, page 296 - Awards, Vol. 20, p. 403.

A bonus of 2½d. (.05) per hour was also granted on each of the above rates to compensate for the rise of prices between the passage of the 1918 Act and the time of the grant, April, 19th, 1919. The bonus was calculated on the moving average of the Government Statistician's index numbers and were in effect for six months. This is the policy initiated by the Court itself. Accordingly in November, 1919, a further 1 d. (.02) was granted, making a bonus of 3½d. (.07) on the basic rate.

Another six months lapsed and in April, 1920, the Court increased the basic rates to the following:[111]

Skilled workers 2S (.48) per hour.

Semi-Skilled workers 1S. 8d to 1S. 10d. (.40-.44) per hour.

Unskilled workers 1S. 7d. (.38) per hour.

In addition a bonus of 3d. (.06) per hour was allowed and in November another advance of 2¼d. (.045) was granted.[112] In December, 1920, at a special sitting, the Court reduced the bonus to ¾ d. (.015) per hour. This was done because of the fear that prices would drop.[113] In May, 1921, when the next bonus was to be considered the slump was on and the effects were especially felt by the wool exporters. Consequently, the Court withheld the bonus in an effort to stabilize wages and on the promise that no wage reduction was to be made until the next May or for a year.[114]

When the year ended in May, 1922 the wages were reduced 1¾ d (.025) per hour below the basic rate of April, 1920 noted above. The cost of living continued to fall and in November, 1922, a further cut of ¾ d (.015) per hour was made. Until May 1924 no further changes resulted.

While the Court acted conservatively in a time of rising prices as was alleged by writers before mentioned in this paper, it has assumed a conservative attitude in a period of falling prices.

111. Year-Book, 1920, page 296 - Awards, vol. 21, p. 513.
112. Awards, vol. 21, p. 2103.
113. Awards, vol. 21, page 2233.
114. Condliffe, "Experiments in State Control in New Zealand," International Labor Review (March, 1924) page 347.

In the negotiations before the Court the discussions assumed two lines of argument: first, regarding the bonus itself; second, concerning the classification of workers in the industry concerned, into the three grades of laborers. Consequently, the latter became the main source of argument since the basic rates were fixed for all industries.[115]

The Court has thus been able to tide over the period of falling prices and has survived regardless of the predictions that it would meet its downfall when prices and wages were reduced.

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115. Ibid, page 349.

CHAPTER VIII.

THE INDUSTRIAL DISPUTES

Their Nature and Magnitude. Industrial disputes in violation of the Arbitration Act had not visited New Zealand until 1906 when a lockout resulted and the first strike occurred in 1907 as was previously stated. For that reason, Table 11 begins with 1906. Industrial disputes are divided into strikes and lockouts, of the former there occurred from 1906 to 1921 and of the latter there were for the same period. A direct strike is a concerted refusal on the part of a body of workers to continue to work with the purpose of forcing their demands on an employer or for the purpose or resisting demands made by him, of these there were to 1921. A stop-work meeting does not constitute a strike. A sympathetic strike occurs when the workers strike not to force their own demands on their own employer, but in sympathy with the claims of other workers; of these occurred in this period. This is shown in Table 13. There are partial strikes reported by the Department of Labor for this period. A partial strike is a strike which does not involve a complete stoppage of work; a "go-slow" policy by a body of workers may be classified as a partial strike provided that the fact that they are adopting a "go-slow" policy is soundly established. These are the definitions of the Department of Labor.[116]

From Table 12, it will be seen that the number of disputes occurring in any one year was very small until the year 1913, when the number suddenly rose to 73 disputes. In that year there was an epidemic of strikes throughout the country, already described in Chapter VI, of these 39 were sympathetic in nature. Although it may appear from the table that a greater number of disputes occurred in 1920 and 1921 than during 1913 but this is not the case. In order to secure uniformity the plan of the Department of Labor has adopted in compiling the statistics for back years, is that of tabulating disputes according to the years of termination and not of commencement. Fourteen

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116. Yearbook, 1922, pp 521-22.

sympathetic strikes which began in 1913 continued until 1914, and consequently were tabulated in that year. Only two strikes were carried over from 1920 to 1921 and only three from 1921 to 1922. Again as will be seen from the table, the number of workers involved in disputes during 1913 was much greater than the number involved in disputes in 1920 and 1921. In 1913, the number of firms involved was 162 while the total for the period was 662.

Duration of the Disputes. From Table 11 it will also be seen that 114 disputes out of a total of 469 lasted only for one day or less. In 1920, 33 disputes out of a total of 75 - that is, 44% of the total number of disputes for that year - lasted for only one day or less. Out of 77 disputes in 1921, 20 lasted only one day or less. In 1913, 24 disputes lasted from two weeks to four weeks, and 9 were of over eight weeks duration. Fifteen disputes are shown in 1914 as "eight weeks and over". This illustrates the fact that the most serious test of the Court and the Arbitration system came in 1913-14.

Causes of the Disputes. Table 12 shows the causes of industrial disputes as classified under several headings and which have occurred during 1906-1921. The Year Book[117] defines the heading "wages" as including disputes concerning a reduction or increase in the rates of wages in industries where time rates are paid, or the same regarding piece rates. Also those disputes concerning rates for overtime are included.

Disputes involving the number of hours of work are classified under the heading "Hours."

Disputes concerning employment or unemployment are included under the heading "Employment". Matters as trade-union affairs, the employment of non-unionists, or the dismissal of men when, in the opinion of the other workers, their dismissal is due largely to the fact that they are prominent in union activities.

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117. Year Book, 1922, page 531.

Table 12. Duration and Magnitude of Industrial Disputes, 1906-1921.[118]

Limits of Duration.	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	Totals
1 Day and Less	--	1	1	--	5	9	8	2	1	3	2	6	12	11	33	20	114
2 Days - More than 1	--	--	1	--	3	3	1	--	--	1	1	3	2	7	10	4	36
From 2 to 3 Days	--	--	--	--	--	1	1	2	--	--	2	7	2	5	3	8	31
From 3 Days - 1 Week	--	--	--	--	--	2	1	2	1	--	3	1	2	5	8	10	35
1 Week to 2 weeks	--	--	--	--	1	2	2	6	--	1	3	4	7	4	6	9	45
2 Weeks to 4 weeks	--	3	--	--	2	--	3	24	1	--	--	11	7	5	7	19	82
4 Weeks to 6 weeks	1	--	--	--	--	1	--	9	--	--	--	--	2	1	2	4	20
6 Weeks to 8 weeks	--	--	--	--	--	--	1	12	1	--	--	1	1	--	--	--	16
8 Weeks and Over	--	--	--	--	--	1	3	9	15	--	--	2	--	3	--	3	36
Indefinite	--	2	--	1	4	3	4	7	1	3	3	10	5	4	6	--	54
Totals	1	6	2	1	15	22	24	73	20	8	15	45	40	45	75	77	469

118. Year-Book, 1922, page 526; 1923, page 610.

Table 12. Number of Workers Involved in Industrial Disputes, 1906-1921

DURATION	1906	1907	1908 1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	Totals
1 day and less	--	a	30	68c	109e	419b	10b	5	257	62b	73d	1,089d	766e	3,373b	1,436	7,697
1-2 days	--	--	33	6c	69	30	--	--	27	a	16c	31b	934b	1,104	79	2,329
2-3 days	--	--	--	----	28	5	111	--	---	276	340d	395	114c	387	527	2,183
3 days to 1 week	--	--	--	---	170	771	32	14	---	164b	a	8	662e	714	1,590	4,125
1-2 weeks	--	--	--	126	400	168	881	--	a	372b	322b	1,712b	792	1,051b	799	6,623
2-4 weeks	--	391	--	7b	---	551	6,025	a	---	----	1,713d	343d	400	1,951	5,614	16,954
4-6 weeks	88	--	--	---	575	---	876	--	---	----	---	400b	a	213	292	2,444
6-8 weeks	--	--	--	---	---	83	3,539	106	---	----	a	50	----	----	----	3,778
8 and over	--	--	--	---	16	3,702	1,143	3,954	---	----	a	----	322d	----	96	9,233
Indefinite	--	167	-- a	48b	8b	17b	783	10	11b	25c	270e	28c	40	860		2,267
Totals.	88	558	63 a	225	1,375	5,746	13,400	4,089	295	899	2,734	4,056	4,030	9,612	10,433	57,633

a. Figures not Available.

b. In one case figures not available.

c. In two cases figures not available.

d. In three cases figures not available.

e. In four cases figures not available.

The heading "Other working-conditions" includes all causes of disputes relating to conditions of work, etc.

Under the heading "Sympathy" are included all disputes caused by workers striking not on account of a grievance with their own particular employer, but in sympathy with the demands of other workers.

"Other Causes" refers to all causes of disputes not included in the above classes. The only cases coming under this head during the period under review occurred in 1916 and 1917, when several strikes took place in order to endeavor to obtain the repeal of the Military Service Act, and as a protection against conscription.

Table 13: Causes of Industrial , 1906-21.[119]

Cause	1906	1907	1908	1909	1910	1911	1912	1913	1914
Wages	--	1	2	--	9	10	19	25	1
Hours	1	--	--	--	2	--	--	1	1
Employment	--	1	--	--	1	6	10	4	2
Other working conditions	--	1	--	1	3	3	2	3	1
Sympathy	--	3	--	--	--	2	2	39	15
Other Causes.	--	--	--	--	--	--	--	--	--
Not Stated	--	--	--	--	--	1	--	1	--
Totals.	1	6	2	1	15	22	24	73	20

Cause	1915	1916	1917	1918	1919	1920	1921	Totals
Wages	4	3	16	19	32	29	21	172
Hours	1	1	5	2	2	3	5	24
Employment	2	3	5	12	9	15	8	78
Other working conditions	1	2	8	6	11	24	20	86
Other Causes	--	4	8	--	--	--	11	23
Sympathy	1	1	3	--	11	4	12	82
Not Stated	--	1	--	1	--	--	--	4
	8	15	45	40	45	75	77	469

119. Yearbook, 1923, page 615.

It will be noticed that more disputes occurred out of questions concerning wages than any other single cause. About 50% of the total sympathetic strikes for the period occurred in 1913. The large proportion of sympathetic strikes recorded in 1914 is an aftermath of the 1913 upheaval.

Methods of Settlement. Of the total number of industrial disputes, 67 were settled by substituting other workers, 81 by compromise between the disputing parties, that is, by private negotiations while 231 were settled by the men returning to work without definitely settling the points at issue; or where the matter was settled by placing the case before the Labor Disputes Committee or a Conciliation Council. The remainder are classified as not stated by the Department of Labor. [120]

Results of the Industrial Disputes. In Table 14 the disputes are classified under four leads in a table printed in the Official Year Book.[121] Those disputes where the demands of the workers are totally conceded come under the category of "In favor of workers." Disputes classified under the heading of "In favor of employers" are those in which the workers gave way on the points at issue. "Compromise" includes disputes where the demands of the workers are partially but not wholly conceded. Lastly, disputes are classified as "Indeterminate" when work is resumed without any definite settlement of the questions out of which the trouble arose. Thus, according to the table the employers seem to have been by far more successful in having disputes settled beneficially to themselves. The 1913-14 upheaval resulted in a victory for the employers as would appear on the surface. Although of late years the employees were more successful.

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120. Year Book, 1923, p. 617.

121. Ibid, 1923, p. 619.

Table 14: Disputes Classified according to Results. 1906-21.[122]

Result	1906	1907 1908	1909 1910	1911 1912	1913 1914	1915 1916	1917 1918	1919 1920	1921 Totals
n favor of workers	--	1 1	-- 1	6 2	-- 1	2 2	10 10	12 31	
n favor of employers	--	-- --	-- 5	2 9	49 17	1 4	7 5	5 14	
ompromise	--	-- --	-- 2	6 8	6 --	1 1	4 4	9 2	
ndeterminate	1	5 1	1 7	8 5	18 2	4 8	24 21	19 28	
otal	1	6 2	1 15	22 24	73 20	8 15	45 40	45 75	

rosecutions to Enforce Awards. Up to 1903, the Unions themselves made prosecution in connection with violations of awards and industrial agreements. From March, 31, 1900 to March 31, 1904, there were 213 cases brought against employers, in 171 cases conviction was secured. In the same time only 4 cases were brought against workers and all were dismissed.[123] Since the Inspectors of Factories were made inspectors of awards also, in 1903, more complaints have been brought against workers, particularly those taking part in strikes. In this connectinn a difficulty was encountered during the early strikes when it was deemed necessary to impose fines on the strikers. The point of trouble was to collect the fines.

Sir John Findley, ex-attorney general of New Zealand, thinks that penalties imposed by the Court and Magistrates are weak if not ineffective deterrents of strikes.[124] The men do not regard the strikes as offenses but rather as fighting for principles andpublic opinion does not support the authorities in the enforcement. New Zealand's experience over the past 38 years then seems to show that industrial peace can not be secured by the coertion of force or imprisonment. As will be shown in the following table the number of prosecutions has been steadily decreasing.

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122. Ibid, p. 619.
123. Annual Report of the Department of Labor, 1909, page 14.
124. International Labor Review, October 1921, page 40.

Table 15L Number of Prosecutions for Enforcement of Awards and for Strikes and Lockouts, 1910-1919. (Annual Reports, New Zealand Department of Labor).

Year ending March 31st	Enforcement of Awards Prosecutions	for Strikes & Lockouts
1910	561	6
1911	539	69
1912	464	2
1913	436	50
1914	363	7
1915	340	--
1916	285	--
1917	194	17
1918	288	--
1919	178	--

When fines are inflicted upon employers for paying less than the award rates, they are made large enough to include back wages, except when the workers have knowingly accepted the illegal rates. The inspectors frequently recover back pay without resort to prosecutions; this practice tends numerically to reduce the number of prosecutions for recent years.

CHAPTER IX.

RESULTS OF THE NEW ZEALAND SYSTEM.

Importance of Conciliation. An outstanding result of the system has been the demonstration of the importance of the conciliation feature in the arbitration system. This is most evident when Table 3 in Chapter VI is consulted. Before 1901 all disputes had first to be referred to the Boards of Conciliation but it soon became evident that about two-thirds of the cases were taken to the Court by appeal. The efforts of the Boards thus seemed to have been futile and by the Amendment of 1901, it was made possible to take a case directly to the Court. The result was that the Court was swamped while the Conciliation Boards atrophied. The Court and the whole system began to be critisized for procrastinating and for not making sufficient analysis of the disputes. Finally in 1908 the feature making reference to the Councils of Conciliation imperative before disputes can be taken before the Court.

While the greatest number of strikes of those of greatest magnitude have occurred since 1908, the full value of the Conciliatory feature is not very manifest. However the real value of that function is evident when the agreements and awards are consulted. The following table shows the activities of the tribunals of conciliation and arbitration. The Annual Reports of the New Zealand Department of Labor furnish the best source but contain the data for the years 1904 to 1920 only.

Table 16: Industrial Agreements, Recommendations, and Awards in Conciliation and Arbitration, 1904-1920.

Year ending March 31st	Industrial Agreements	Recommendations in Conciliation	Awards in Arbitration
1904	19	13	25
1905	15	10	26
1906	5	7	52
1907	4	12	59
1908	10	15	98
1909	12	9	88
1910	14	102	89
1911	17	87	74
1912	25	119	80
1913	32	118	94
1914	42	166	93
1915	34	93	71
1916	21	134	102
1917	63	159	168
1918	45	123	114
1919	31	137	130
1920	51	168	131
Total	440	1372	1494

The industrial agreements are arrived at as a result of voluntary conciliation and also that many recommendations of the Conciliation tribunals are practically agreed to but taken before the Court to be made into awards with the purpose to bind others in the trade instead of only the parties in the dispute. This is a tremendous advantage to the employers because it eliminates a certain kind of competition. This custom tends to exaggerate the activity of the Arbitration Court

as compared with the Conciliation tribunals.

A closer analysis of the activity of the Councils of Conciliation since 1910 is given in Table 17. This apportions the disputes into those fully settled; those in which a considerable measure of agreement had been arrived at, and those where, in default of any measure of agreement by conciliation, the whole matter was referred to the Court.

Table 17:Disputes Referred to and Disposed of by Councils of Conciliation, 1910-1920.[125]

Year ending March 31st	Number Fully Settled		Number Partly Settled	Number Deferred to Courts of Arbitration
	Total			
1910	102	67	23	12
1911	87	65	14	8
1912	119	86	19	14
1913	118	74	23	21
1914	166	112	28	26
1915	101	61	23	17
1916	177	103	31	43
1917	190	127	32	31
1918	141	100	23	18
1919	148	106	32	10
1920	184	125	46	13
Totals	1533	1021	294	213

The fact that of these 1533 disputes, 213 were referred to the Court is a clear illustration of the importance of Conciliation in the New Zealand system.

Cost of Administration: It is appropriate to state at this point what the cost of administering the system has been. The costs have been published in the Annual Reports of the Labor Department for the years indicated in the table below.

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125. The statistics are available only for the years indicated. The table except for years 1919 and 1920 is found on page 30 of Report #23, National Industrial Conference Board, 1919.

Table 18: Cost of Administration of Conciliation and Arbitration, 1906-1915

Year Ending March 31st	Cost £	Year Ending March 31st	Cost £
1906	3,603	1911	6,795
1907	4,525	1912	6,924
1908	4,075	1913	8,172
1909	7,103	1914	7,756
1910	6,902	1915	7,962

The period comprises three years before the great activity following the Amending Act of 1908, when the Councils of Conciliation were created. Each of the three Commissioners appointed under this Act receives a salary of £500. The salaries paid to the three members of the Court of Arbitration and to the three Commissioners total £4,300.[126] This item forms a large portion of the total cost of the system.

Reduction of Hours. While conditions in the industries such as sanitation and safety appliances were introduced in New Zealand, the hours of work per day and per week have been gradually reduced. The following table consists of the index numbers based upon the same Court awards as were used by Mr. Clinkard[127] in his study on wage movements.

Table 19: Index Numbers of the Hours set by the Court of Arbitration.
Base: Year 1911=1000

Year	Index Number	Year	Index Number	Year	Index Number	Year	Index No.
1901	1017	1906	1007	1911	1000	1916	983
1902	1008	1907	1006	1912	1000	1917	982
1903	1007	1908	1005	1913	998	1918	982
1904	1005	1909	1003	1914	986	1919	979
1905	1007	1910	1000	1915	985		

126. Ibid, page 32.
127. Clinkard, op. cit. page 913.

It will be seen that the general movement has been very slow, the decline since 1901 amounting to only 3.74%. In other words, if the average working week was 48 hours, it was in 1919 approximately 46 hours.[128] The most noteworthy movement was that between 1913 and 1914 when a fall of 12 points was made.

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128. Ibid, page 913

CHAPTER X.

SUMMARY AND OUTLOOK.

There are some outstanding events and tendencies that have made themselves evident in New Zealand during the last thirty years. To what degree that these tendencies and developments are due to the influence of the Arbitration System is a matter of speculation. However its influence in many cases has been tremendous. The Court of Arbitration has not fulfilled its purpose - the elimination and prevention of strikes and lockouts. It can truthfully be asserted that during the first twelve years of its operation it has reduced industrial disputes to a nullity. Because strikes have reappeared on an increasing scale is not sufficient reason to scrap the whole system.

It has been asserted that the Court is a mere palliative and has outlived its usefulness; but the facts do not furnish enough proof that things are getting out of the power of the Court since most of the strikes come from "militant labor" which does not hate the Court more but likes the present social system less. This labor lacks cooperation and is a problem for any system. It expresses its resentment and discontent in a "go slow" policy with its diminished production, a readiness to invoke even trifling causes for serious industrial stoppages, and an exaggerated estimate of sporadic and unimportant grievances. Same labor is present and attracts less attention since it is less discontented and does not favor violent and sudden revolution in abolishing private property.

Thus, to change or abolish the Arbitration System may be but a leap from the frying pan into the fire. The Court may never realize a full degree of success. That can be taken for granted. By its very nature and the basis of its decisions it can not get at the underlying

difficulties of the present economic system. This may forbid its full degree of success but what other system can take its place? Shall it be the old battlefield method of settling disputes with the attendant disorder and undesirable conditions? However, some evaluation may be made of the developments and outlook in the Country.

The Court exposed to the eye of the public the nature of the disputes and gave the public an opportunity to side with the right.

The Court gave the weaker laborers a chance to gain better conditions which they would be too weak to gain by a threat of force.

The awards of the Court show that it has increased the wages of unskilled labor more than those of skilled labor because it had taken the cost of living as a main factor to determine them since 1907.

Skilled labor was not at a disadvantage since by its better organization it is able to make its demands count for more.

Wages have not been increased beyond the point which would have proved injurious to the industries.

It has benefited the honest employer by eliminating competition from those employers who would be just able to remain along or above the margin of production by sweating and using child labor.

Sweating is practically unknown.

Hours of work have been reduced without a corresponding reduction in wages. Labor has thus received improved conditions and more leisure.

The minimum rates set by the Court have lagged behind in the rise of prices. That does not tell the whole story. A majority of the workers in the industries were getting wages above the minimum. There is no assurance that commodity wages would have risen as fast as prices had the Court been absent during the whole period. At least, the minimum rates are not the maximum actually paid.

Since wages form the leading point for dispute between the employer and the worker, the Court has, it is needless to say, found its greatest source of difficulty on that point. Thus the system has culminated in a method of wage fixation. Conciliation is an important part of the system and can not be discarded. The whole scheme is one of voluntary conciliation supplemented by compulsory arbitration with the compulsory award.

While there have been numerous causes that accentuated industrial unrest since 1906, one of the leading of those causes seems to have been the disposition of the Court to refuse granting unreasonable demands. While the system was opposed by the parties as it happened to work to their disadvantage, the most strenuous opposition came from the militant unions from whose ranks have emanated most of the strikes of recent years.

The life of the system depends upon the attitude of the New Zealander. At present the saner elements seem to rule and do not manifest a serious desire to abolish the Arbitration System and in fact the power of the Court has been strengthened in recent years.

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